

**KETCHIKAN PUBLIC UTILITIES  
2024 ANNUAL BUDGET**

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**CITY OF KETCHIKAN, ALASKA**

**RESOLUTION NO. 23-2902**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA APPROPRIATING FROM THE KETCHIKAN PUBLIC UTILITIES ENTERPRISE FUND FOR THE FISCAL YEAR 2024; AND ESTABLISHING AN EFFECTIVE DATE**

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Ketchikan, Alaska as follows:

**Section 1:** The budget for the year 2024, entitled KETCHIKAN PUBLIC UTILITIES 2024 OPERATING AND CAPITAL BUDGET, is hereby adopted.

**Section 2:** The sum of \$73,700,480 as shown in the following items of appropriations is appropriated for the Ketchikan Public Utilities Enterprise Fund of the City of Ketchikan, Alaska for the fiscal year beginning January 1, 2024:

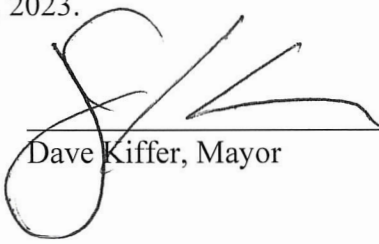
Item of Appropriation	Total
General Manager	\$ 433,414
Sales, Marketing & Customer Service	3,574,527
Electric	27,117,041
Telephone	22,019,392
Water	7,579,149
Transfer to KPU Facilities and Infrastructure Replacement Fund	250,000
Appropriated Reserves	12,726,957
Total Appropriations	<u>\$ 73,700,480</u>

**Section 3:** The sum of \$2,000,000 as shown in the following items of appropriations is appropriated for the Ketchikan Public Utilities Facilities and Infrastructure Replacement Fund of the City of Ketchikan, Alaska for the fiscal year beginning January 1, 2024:

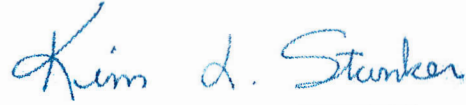
Item of Appropriation	Total
Appropriated Reserves	<u>2,000,000</u>
Total Appropriations	<u>\$ 2,000,000</u>

**Section 4:** This resolution shall become effective immediately upon adoption.

**PASSED AND APPROVED** by a duly constituted quorum of the City Council for the City of Ketchikan on this 21<sup>st</sup> day of December, 2023.

  
\_\_\_\_\_  
Dave Kiffer, Mayor

ATTEST:

  
\_\_\_\_\_  
Kim Stanker, City Clerk



November 15, 2023

The Honorable David Kiffer  
and Members of the City Council  
City of Ketchikan, Alaska  
334 Front Street  
Ketchikan, Alaska 99901

Pursuant to Section 5-2 of the Ketchikan City Charter, the proposed 2024 Operating and Capital Budget (the “2024 Budget”) for Ketchikan Public Utilities (KPU) is respectfully submitted. In accordance with Section 5-4 of the Charter, the City Council must adopt a final spending plan no later than the third day before the beginning of the next fiscal year, which is December 29, 2023. At least one public hearing on the proposed budget is required prior to adoption of the final spending plan.

## INTRODUCTION

The 2024 Budget attempts to reflect the ongoing efforts of the City Council to maintain and deliver cost effective electric, telecommunications and water utility services to the community of Ketchikan. Staff believes that the proposed spending plan for 2024 represents the **minimum** needs with the financial resources available for KPU in order to provide the utility service to the community. The programs and services contained within the proposed spending plan were developed by the KPU Division Managers and were subsequently reviewed and modified as necessary by the Offices of the General Manager and the Finance Director. The operating goals and programs of the Electric, Telecommunications and Water Divisions were predicated on the continuation of basic service delivery and long-range issues that manifested themselves over the course of the past year and during the development of the Capital Improvement Program.

The economic issues facing the community of Ketchikan were considered during the preparation of the proposed spending plan for KPU. Because KPU is not supported by tax dollars, it depends on its residential and commercial ratepayers to provide the resources necessary to finance its operations. The table below lists key operating statistics for KPU for the past ten years.

<u>Year</u>	<u>of Electric Customers</u>	<u>Sales - MWh</u>	<u>Access Lines</u>	<u>Water Customers</u>
2013	7,514	170,282	6,083	3,244
2014	7,606	167,939	5,863	3,162
2015	7,694	163,896	5,723	3,163
2016	7,741	165,107	5,611	3,203
2017	7,799	175,448	5,351	3,220
2018	7,838	167,534	5,274	3,238
2019	7,867	164,000	5,043	3,194
2020	7,866	166,832	4,545	3,192
2021	7,867	169,432	4,332	3,220
2022	7,922	173,066	4,139	3,249

The growth of electric customers remains flat but stable. The demand for energy is generally trending upward but continues to fluctuate annually. Under normal operating conditions, the electric utility's energy sales tend to fluctuate from year-to-year due to variable weather conditions, customer demographics and demand, and the effectiveness of energy conservation measures. In 2017, a new record high of 175,448 MWh was set but was followed by a 10-year low of 164,000 MWh in 2019. The decrease in energy sales in 2019 was caused by a drought that impacted most of Southeast Alaska. During the drought, lake levels reached record lows and utility consumers were encouraged to conserve energy in order to reduce consumption and limit the amount of diesel power required to make up the shortfall.

Over the same period, the number of telecommunication access lines declined on average by about 3.26% annually. Competition from GCI, a full service telecommunications company, satellite providers and wireless phone carriers have made significant inroads into the local market for telecommunication services. KPU Telecommunications has overcome this loss of customers by expanding into television, internet and wireless services. These additional services ensured Ketchikan is one of the minority communities in Alaska with broadband coverage but has been funded with debt thus increasing debt service costs.

Growth in the number of water customers has remained relatively static for the past 10 years. This is primarily due to the limited availability of property for development within boundaries of the City, stagnant business and population growth in the community and no industrial growth. The water utility does not serve residents and businesses located outside the boundaries of the City. The dip reported in 2014 was due to the transition to the new utility billing system. The old utility billing system did not properly exclude certain inactive accounts from the customer counts.

### **MAJOR BUDGET AND FISCAL ISSUES**

During the course of preparing the proposed KPU budget for the next fiscal year, certain issues were identified that may affect the long-term finances of KPU, its operations and the proposed spending plan for 2024. Staff believes that the City Council should be aware of these issues and

**will need** to consider them during its budget deliberations. Each issue is outlined below along with recommendations from staff, if warranted. In most cases, staff has incorporated its recommendations into the proposed budget in order to show the effects of the recommendations on the draft spending plan. Staff recognizes that the final resolution of these issues will be determined by the City Council and that the proposed spending plan may be adjusted accordingly.

**Utility Rates:** Management continues to express **great concern** about the inadequacy of current utility rates to finance the cost of operations, including rising personnel costs, the capital cost associated with the replacement or maintenance of aging utility infrastructure, and the cost of complying with unfunded mandates imposed by federal and state regulatory bodies. To that end, management will be coordinating rate-setting educational work sessions with the end-goal of adopting fiscally responsible rate-setting policies and address the revenue requirements for each utility. These concerns can be best understood by reviewing the following table, which summarizes the operating net income (loss) results of KPU by utility for the past ten years.

**2013 - 2022**

**Audited**

<b>Year</b>	<b>Total</b>	<b>Electric</b>	<b>Telecom</b>	<b>Water</b>
2013	(1,015,060)	(643,319)	711,724	(1,083,465)
2014	(1,324,308)	(995,699)	532,426	(861,035)
2015	(1,669,237)	(910,631)	(66,516)	(692,090)
2016	(1,491,341)	(1,231,491)	149,376	(409,226)
2017	1,731,165	114,926	1,945,067	(328,828)
2018	1,125,607	(1,238,149)	2,786,145	(422,389)
2019	980,548	(658,876)	2,046,612	(407,188)
2020	(146,040)	378,765	(334,263)	(190,542)
2021	2,601,644	312,192	2,335,500	(46,048)
2022	1,661,072	1,051,499	2,202,510	(1,592,937)

Several observations can be made from reviewing the Summary of Net Income (Loss):

- During this period, the water utility has been forced to bear the added cost of deferred maintenance due to the failure of its aging infrastructure. The water utility experienced an operating loss of \$1.5 million in 2022 due to premature line decay which necessitated the replacement of the Schoenbar Raw Water Main. The water division continues to experience breaks in the distribution lines requiring emergency repair and patching, which are occurring at a greater frequency each year. This increases costs in the short term and still requires attention going forward due to the need to replace the infrastructure so that the utility can provide reliable water services to the City residents. The utility is not able to fund the true capital replacement and improvements needed due to the lack of resources on hand and the ability to pay future debt service. It is currently

operating on a current year needs only basis which does not factor in capital replacement or improvements needed in the future. In 2023, water rates were increased 4% as part of a two-year plan to prepare for additional debt service for Schoenbar Raw Water Main replacement. The Schoenbar Raw Water Main debt service estimate has been factored into the 2024 budget. **If the water utility keeps all costs stationary the current revenue will cover today's operating and debt service costs but will not allow for any capital improvements of failing infrastructure or additional debt service going forward with the current rates in place. Infrastructure is a public safety issue.**

- While 2020 through 2022 appear to reflect an improved financial position for the electric utility very little has been done to reduce the electric utility's overall net deficit over the last ten years. The improvement that took place in 2017 was primarily due to the \$1.4 million rebate that was received from SEAPA. The improvement of net revenues in 2020 to 2022 was due a number of staff vacancies and the deferral of major and necessary capital improvements. **The electric utility is not able to fund all of its operating costs or meet infrastructure maintenance needs with the current rate structure in place. Utilizing reserves to fund operations is of great concern and should be addressed before the utility is no longer able to provide services to its customers.**
- The telecommunications utility increased its operating costs with the addition of the subsea fiber optic cable that was placed in service in 2020 and the increase in personnel costs due to a compensation plan that was implemented late 2019. In 2021, the telecommunications utility revised its depreciation rates with the support of our telecom consultants. The change in depreciation and reduced operating costs for non-regulated activities accounts for most of the swing from a net loss in 2020 to net income position in 2021. The industry it operates within is very dynamic and subject to frequent changes in technology, which requires the utility to use its earnings to upgrade its infrastructure quickly. Historically, the City has followed a strategy of using the earnings of the telecommunications utility to subsidize the electric and water utilities to keep rates low. While this strategy may have worked in prior years, it is becoming more difficult to sustain and is detrimental to the telecommunications utility.
- The Summary of Funding by Operating Utility on page C-4 further illustrates the concerns regarding the inadequacies of the current rate structure. This summary shows how each utility is able to cover its operating and capital costs through the rates it charges their customers in 2023. The water utility is able to cover all of their operating costs and a portion of their capital costs through rates. The electric utility requires a contribution of \$1.04 million from reserves to cover its operating costs and \$5.88 million for its capital costs in 2023. The electric utility is unable to pay for any of its capital costs from operating revenues and must rely on grants, bonds or reserves. The cost of debt financing is increasing at the moment due to the increase in interest rates. Unfortunately, relying on debt to finance capital improvements will result in interest costs, which are ultimately passed on to the rate payers, and KPU's bond covenants require that for every dollar of debt service, KPU must generate at least \$1.25 of net revenue to satisfy debt service

coverage requirements. *If current revenues are not sufficient, they must be increased before new debt can be issued.*

**Management continues to recommend that the City Council work towards making each utility financially independent.** This is going to be especially critical if the water utility is eventually required to finance and construct a filtration plant. A financially strong Ketchikan Public Utilities is going to be a prerequisite for issuing the bonds required to finance this plant. The process should start with controlling costs for each utility and adjusting the rates to cover the costs of each utility without subsidies. **Consideration should also be given to financing more capital improvements from operating revenues, rather than reserves.**

**Water Filtration:** The municipal water system owned and operated by KPU is working with the State of Alaska to avoid filtration and still meet certain water quality standards established by the Environmental Protection Agency and the Alaska Department of Environmental Conservation (ADEC). If an alternative to filtration is not granted, KPU may be required to finance and construct a water filtration plant to treat all the water distributed in KPU's municipal water system. The capital cost of this plant is estimated to be in excess of \$70 million, with approximately \$2 to \$3 million in additional annual operating expenditures. In 2020, KPU and ADEC met to discuss options that would eliminate the need to construct an expensive water filtration plant. In May of 2021, KPU entered into a Compliance Order by Consent with ADEC to seek an Alternative to Filtration designation. In May 2023, EPA Region 10 representatives visited Ketchikan to view the facilities and the watershed. EPA is in the process of completing their evaluation of KPU's request for a Limited Alternative to Filtration. While KPU is waiting the results, work to explore the capability of our current facilities to comply with the Safe Drinking Water Act in order to minimize the cost of an additional filtration facility. As we await a final decision, we do now know that at a minimum, we may be required to install and operate an additional UV train for increased disinfection.

**Diesel Generation:** The drought that took place in Southeast Alaska in 2019 served to reinforce the importance of having reliable sources of generation to meet the demand for electricity from the customers of the City owned-electric utility. The lesson learned was that the communities of Ketchikan, Wrangell and Petersburg cannot always rely solely upon the hydroelectric generation facilities of KPU and the Southeast Alaska Power Agency (SEAPA) to meet the consumer demand for energy. The close proximity of hydroelectric generation facilities operated by KPU and SEAPA increases the risk that the facilities of both entities will experience droughts and other adverse weather conditions simultaneously. This raises the importance of including reliable diesel generation into KPU's strategy for addressing consumer demand for electricity.

During the most recent drought, KPU learned that its current diesel generation facilities are showing their age and lack the capacity to provide power during an extended drought. Two of the four main diesel generators located at the Bailey Power Plant are over 50 years old, one is 45 years old and one is 23 years old. KPU needs to begin planning for the permitting and acquisition of a new generator similar to the four generators that are housed at the Bailey Power Plant. The cost a new generator will most likely exceed \$40 million and will require approval from the voters

to issue a revenue bond to finance the acquisition and installation of the new generator. The annual debt service required for a \$40 million bond plus a \$3,210,000 reserve account at an interest rate of 5.00% is about \$3,210,000 and would require an 8% across the board utility rate increase to provide for annual debt service sufficient enough to satisfy the debt coverage requirements of KPU's bond covenants.

### **SIGNIFICANT BUDGET ASSUMPTIONS**

In order to present a complete spending plan for 2024, it was necessary for management to make certain assumptions regarding the operations and finances of KPU. Management recognizes that some of the assumptions will require further direction from the City Council and that the direction provided may result in different assumptions, which could materially affect the proposed spending plan. The key assumptions used to compile the spending plan for 2024 are as follows:

- Staffing levels will remain the same as 2024 except for the addition of one Public Information Officer split between General Government and KPU and one new water apprentice. Compensation is expected to increase because of a COLA of 4.0% for non-represented personnel, step increases required by the compensation plan and collective bargaining agreements have been programmed for all eligible employees. The KPU IBEW union group has started negotiations with staff but have not come to an agreement at the time this document was prepared. Any increases in the collective bargaining agreement will require a plan for funding.
- Pension and Health insurance increase continue to drive the increases in benefits. Health insurance premiums continue to increase in a market with fewer providers. While the increase in the cost for health insurance is shared in accordance with a tiered formula for its non-represented employee and represented employees, the employee share does not kick in until the premium increase exceeds 5%. Staff has worked with our insurance broker and no less expensive solutions are available to the City. Employee pension costs have increased due to a clerical correction and the effects of moving to a percentage-based pension calculation, as overtime and wages increase so does the pension. The current pension cost is equal to 18% of wages with a maximum of \$11.00 per hour. There are only a few employees that are maxed out causing annual increases in the pension. The calculation of pension for non-represented employees assumes that the State of Alaska will keep the current PERS employer contribution rate of 22 percent.
- There will not be a purchased power rebate from the Southeast Alaska Power Agency in 2023. A Whitman Lake true-up payment of \$73,000 has been projected for 2023. Wet weather increases the odds that the SEAPA owned dam will spill and trigger an annual Whitman Lake true-up payment.
- No Rate increases have been programmed for the utilities but staff is strongly recommending an 8% increase in rates across all KPU Divisions to make progress towards



a continuing to provide electric, telecom and water services for the residents of Ketchikan.

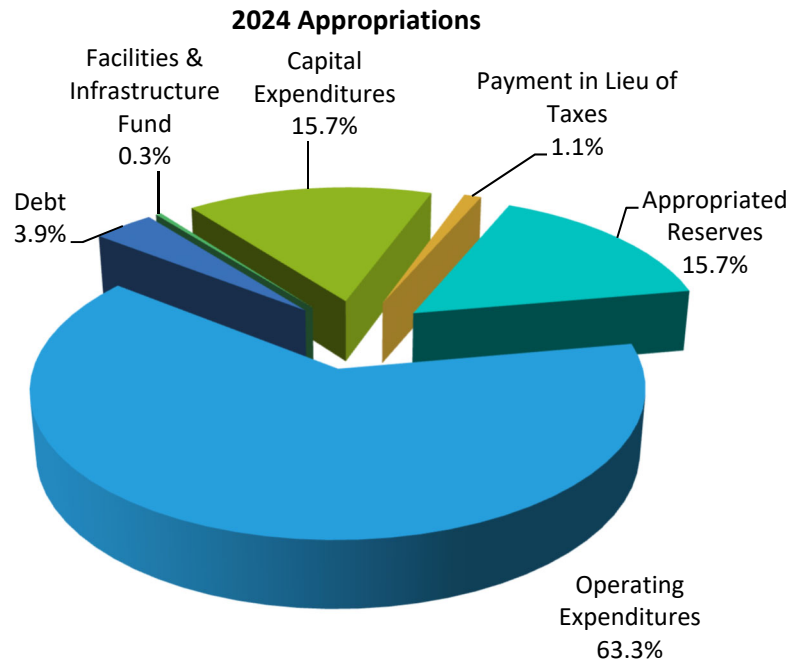
- Liability, auto, and property insurance premiums have been programmed to increase by 17%, 2% and 24%, respectively. KPU's liability, auto and property insurance policies expire on July 1, 2024 and, therefore, the renewals overlap the KPU's calendar fiscal year. The increases are due to the addition of a new cyber policy reflecting the increased costs related to cyberattacks, phishing and e-mail fraud in addition to poor claims experience in the property, casualty and liability markets. The Council will see requests from IT in the 2024 budget to meet cybersecurity risks and control future increases. The rising cost of construction and materials is also having an impact on replacement values. The City has been required to increase its replacement values to ensure that its facilities are adequately insured.
- Workers compensation insurance policies also expire on July 1, 2024 and overlap the KPU's calendar fiscal year. Premiums for workers compensation insurance have been projected to increase by an overall 5% on July 1, 2023. Premiums for workers compensation are based on staffing demographics and the rates set for each employee classification by the National Council on Compensation Insurance. As a result some departments may experience an increase in the cost of workers compensation by more than 5% and others will experience an increase of less than 5%.
- Annual debt service has been programmed to decrease slightly, \$24,214 in 2024 due to making the final payment of an interfund loan for Telecom. The reduction of debt service in the amount of \$405,705 for Telecom is offset by an increase in debt service of \$377,490 for the Water Division due to the completion of the Schoenbar Raw Water Main project.
- Divisions were directed to try to keep appropriations low but to also evaluate the increase in the cost of fuel, freight and materials and services to ensure their operating budget reflects these increases when necessary. Divisions were also directed to bring back a capital budget that reflects the needs of each utility. Further, the General Manager placed caps on the capital budget forcing divisions to defer even more maintenance. Capital projects were deferred the last two years due to the COVID-19 pandemic.

The Proposed 2024 Budget is a working document intended to initiate discussion by the City Council and the public over next year's spending plan. As the City Council and the public review and evaluate service delivery and long-range issues, alternate concepts and additional concerns may materialize that will warrant further consideration. It is staff's desire that the final product which emerges from this process will be a spending plan for 2024 that is acceptable to the community at large and will allow KPU to continue to provide adequate and reliable electric, telecommunications and water services to its customers.

## FINANCIAL OVERVIEW OF THE KETCHIKAN PUBLIC UTILITIES 2024 ANNUAL OPERATING AND CAPITAL BUDGET

The 2024 Budget includes all operating and support divisions of KPU. The total amount requested for appropriations is \$71.78 million, an increase of \$1.9 million from the amount appropriated with the adoption of the 2023 Budget. The key components of total appropriations for 2024 and a comparison with 2023 appropriations are as follows:

	2023 Budget	2023 Estimate	2024 Budget
Operating Expenditures	\$ 43,401,145	\$ 40,692,844	\$ 45,228,537
Debt Service	2,800,976	2,800,976	2,776,759
Payment in Lieu of Taxes	786,000	786,000	786,000
Total Cost of Operations	46,988,121	44,279,820	48,791,296
Facilities & Infrastructure Fund	250,000	250,000	250,000
Capital Expenditures	12,775,305	6,706,623	11,202,660
Total Expenditures	60,013,426	51,236,443	60,243,956
Appropriated Reserves	9,833,617	24,418,210	11,532,524
Total Appropriation	<u>\$ 69,847,043</u>	<u>\$ 75,654,653</u>	<u>\$ 71,776,480</u>
Number of Employees	<u>121.50</u>	<u>121.50</u>	<u>123.00</u>



The balance of this overview will include a discussion and analysis of the following areas: (1) revenues; (2) expenditures; (3) personnel; (4) debt management; and (5) compliance with City

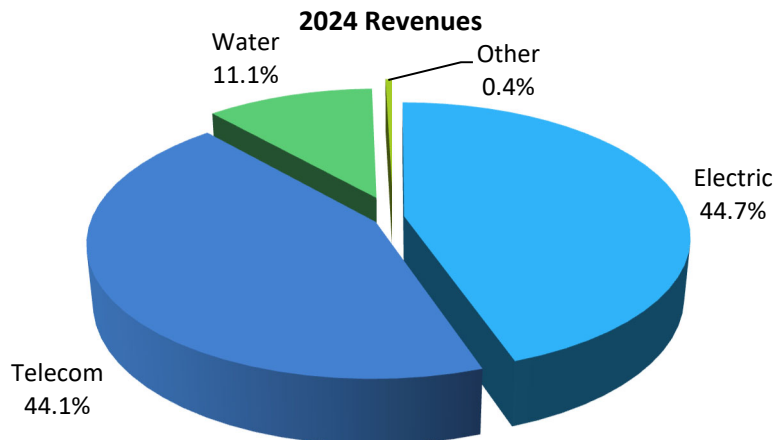
Council mandated financial objectives.

For additional summary information regarding the proposed spending plan for 2024, please refer to the “C” pages in the budget document.

## REVENUES

Operating revenues for utility services in the amount of \$45.06 million have been programmed for 2024. The table below identifies the major revenue sources by operating utility.

	2022 Actual	2023 Budget	2023 Estimate	2024 Budget
Electric	\$ 20,515,090	\$ 20,257,300	\$ 21,224,215	\$ 20,572,900
Telecommunications	20,501,414	20,149,000	20,507,788	20,155,000
Water	4,815,526	5,071,400	42,616	5,125,950
Other	92,957	198,000	198,000	202,900
Total	<u>\$ 45,924,987</u>	<u>\$ 45,675,700</u>	<u>\$ 41,972,619</u>	<u>\$ 46,056,750</u>



**Electric Revenues:** The projection for 2024 electric utility revenues is based on a two-year average of energy sales and the projected average electric revenues per kWh, adjusted for rate increases, new loads and other trends such as conversions from heating fuel to electric heat. There are four variables that can significantly affect the consumer demand energy and revenue projections.

- Cold temperatures and high winds increase the demand for electric energy. This occurred in 2017 when cooler weather resulted in record sales of 175,448 MWh of electricity. Warmer weather decreases demand.
- The general state of the economy. A strong economy usually generates a strong demand

for energy. A weak economy has the opposite effect.

- The rise in the price of heating oil can result in some businesses and residents switching from heating their businesses and homes with fuel to electricity.
- Rate increases can trigger conservation efforts which tend to lower the demand for electricity.

In 2022, the electric utility sold 173,066 MWh of energy. The estimate for 2023 is 176,788 MWh and the projection for 2024 is 176,053 MWh. The revenue forecast for 2024 is based on a two-year average of consumption. The table below summarizes the major operating revenues of the Electric Division.

	2022 Actual	2023 Budget	2023 Estimate	2024 Budget
Residential	\$ 8,720,005	\$ 8,704,000	\$ 8,868,000	\$ 8,847,500
Harbor	379,931	365,700	378,000	377,900
Business	7,918,380	7,875,400	8,130,300	8,056,000
Industrial	2,041,674	2,029,300	2,091,100	2,083,700
Yard Lights	64,889	64,900	65,600	65,900
Demand	570,375	547,000	562,700	570,200
Street Lights	132,787	132,200	133,000	132,900
Energy Sales	19,828,041	19,718,500	20,228,700	20,134,100
Diesel Surcharge	-	-	-	-
Other	687,049	538,800	995,515	438,800
Total	<u>\$ 20,515,090</u>	<u>\$ 20,257,300</u>	<u>\$ 21,224,215</u>	<u>\$ 20,572,900</u>

**Telecommunications Revenues:** The Telecommunications Division derives its revenues from three primary sources: regulated local network phone services; regulated network access services; and non-regulated services such as DSL, IPTV, wireless and sales of Hosted PBX systems. The table that follows summarizes the major operating revenues of the Telecommunications Division.

	2022 Actual	2023 Budget	2023 Estimate	2024 Budget
Local Network Services	\$ 1,926,327	\$ 1,810,000	\$ 1,873,965	\$ 1,804,000
Network Access Services	8,521,230	8,410,000	8,267,697	8,160,000
IP Network - DSL and IPTV	6,778,627	6,621,000	7,122,880	6,968,000
4G/LTE	2,922,033	2,890,000	2,891,874	2,890,000
Directory Revenue	43,306	150,000	84,625	76,000
Miscellaneous	309,891	268,000	266,748	257,000
Total	<u>\$ 20,501,414</u>	<u>\$ 20,149,000</u>	<u>\$ 20,507,789</u>	<u>\$ 20,155,000</u>

Revenues from local network services continue to decline. The decline in local network services is primarily the result of residential customers dropping wireline phone services and subscribing

to broadband only service.

The Universal Service Fund portion of Interstate network access services, or separations revenues, should remain stable for the immediate future due to the fixed revenue stream in the Alaska Plan. Under this plan, revenues earned from certain network access services were frozen for a 10-year period that ends in December 31, 2026. Interstate special access rates did decline with the Interstate tariff filing made mid-year of 2023; which will reduce the Network Access Services line item slightly. Intrastate network access services have been declining and will continue to decline because of new regulations that cap the earnings of the Alaska Universal Service Fund (AUSF) at 10%. In addition, the state revenue base, which is based on local phone service, continues to decline as customers switch over to wireless phone services.

Revenues earned by the IP network have been in a holding pattern due to the local market maturing. The telecommunications utility continues to offer new products, technologies and services in order to attract new customers and retain existing customers. The telecommunications utility will continue to see declines in IPTV revenues as customers drop linear TV in favor of video streaming services such as Netflix, Hulu, AppleTV, and Amazon Video. This has resulted in a nationwide trend that is leading to an increase in the number of customers opting for broadband only service. The continuation of broadcast TV by KPU is currently in flux. The telecommunications utility's undersea fiber cable that was placed in service in October 2020 will increase the utility's ability to meet the current and future bandwidth demands of its customers for at least the next 30 years. Since the activation of the undersea fiber cable has allowed the utility to significantly lower its transport costs, no rate increases for IP product lines have been programmed for 2024.

Since its rollout in 2014, revenues from 4G/LTE services have grown rapidly and have become a major product line for the telecommunications utility. The number of customers using the telecommunication utility's 4G/LTE networks servicing the Ketchikan and Skagway markets continue to expand. Growth in cruise ship passenger traffic has also increased the demand for KPU 4G/LTE services. These revenues will remain stable through 2024, the period covered by the present agreement.

**Water Revenues:** The operating revenues of the Water Division for 2024 have been projected to increase slightly above the amount budgeted for 2023. The increase in revenues is a result of a full year of a four percent rate increase that was implemented April 1, 2023. The table that follows summarizes the major operating revenues of the Water Division.

	2022 Actual	2023 Budget	2023 Estimate	2024 Budget
Residential	\$ 2,038,955	\$ 2,114,800	\$ 2,124,200	\$ 2,144,800
Apartment	428,604	444,300	443,700	448,000
Business	1,633,581	1,694,200	1,709,800	1,726,400
Industrial	109,968	114,400	114,400	115,500
Seafood Processors	370,687	385,700	385,500	389,300
Port	87,120	167,500	133,500	167,500
Raw Fish Tax	91,376	91,100	72,716	74,750
Miscellaneous	55,235	59,400	58,800	59,700
Total	<u>\$ 4,815,526</u>	<u>\$ 5,071,400</u>	<u>\$ 5,042,616</u>	<u>\$ 5,125,950</u>

Beginning in 2015, the City Council directed that a portion of the proceeds from the State of Alaska's Raw Fish Tax Program be directed towards supporting the operations of the water utility and minimizing the losses that are occurring because seafood processor water rates are subsidized by other customer rate classes. The formula was changed in 2017 from a fixed amount of \$100,000 annually to 23% of the annual raw fish tax payment. In 2024, the City is projecting an annual payment of \$325,000 and, under the current formula, the water utility will receive \$74,750. The amount paid by the State of Alaska is based on market value and the size of seafood harvest.

For more information about KPU operating revenues, please see the "D" pages.

### OPERATING EXPENDITURES

Operating expenditures, including debt service and payments in lieu of taxes, in the amount of \$48.8 million have been programmed for 2024, an increase of \$1.74 million from the amount appropriated with the adoption of the 2023 Budget. The table below identifies the major operating expenses by division.

	2023 Budget	2023 Estimate	2024 Budget	Net Change Increase (Decrease)
General Manager	\$ 417,461	\$ 390,587	\$ 520,847	\$103,386
Sales, Marketing &				
Customer Service	3,388,545	3,148,594	3,489,802	101,257
Electric	21,740,540	19,651,480	22,101,734	361,194
Telecommunications	17,354,349	16,925,390	17,802,827	448,478
Water	4,152,861	4,223,769	4,876,086	723,225
Total	<u>\$ 47,053,756</u>	<u>\$ 44,339,820</u>	<u>\$ 48,791,296</u>	<u>\$1,737,540</u>

The net increase of almost \$1.74 million in 2024 operating budget for KPU is due to an overall increase in the cost of personnel services and benefits needed to operate a utility, as well as increases in contract services, interdepartmental services and debt service.

The electric utility is projecting that in 2024, its operating expenditures will increase by almost \$361,000 from 2023. The increase in interdepartmental services is the primary reason for the increase. Insurance costs increased 36% due to fewer insurers causing an increase in the rates and an increase the materials used in determining replacement cost. The cost of interdepartmental services also increased with a large share of the increase coming from information technology services. Some of this increase is again due to insurance costs and the need to increase network security to be eligible for a cyber-security policy.

The telecommunications utility is projecting that in 2024, its operating expenditures will increase by almost \$449,000 from 2023. The increase is evenly shared between personnel services and benefits, contract services for software subscriptions and rents and leases and interdepartmental costs related to information technology services and insurance.

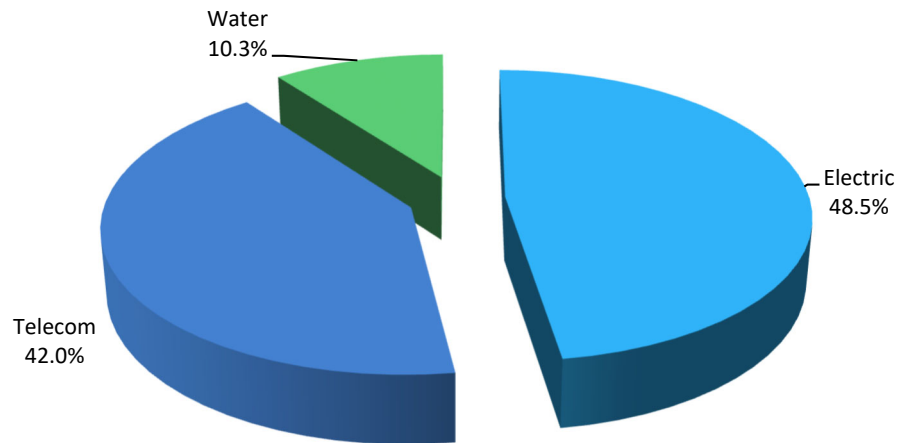
The water utility is projecting an increase of about \$723,000 in operating expenditures due the addition of an apprentice and increasing personnel services and benefits costs, interdepartmental costs for information technology and insurance and debt service costs for the Schoenbar Raw Water Main project. The division's debt service increased \$377,490 and personnel services and benefits increased \$221,693.

The sales, marketing and customer service division's operating expenditures are programmed to increase by \$167,000 from the amount appropriated in 2023. The increase of \$113,000 is due the reclassification of one FTE from a senior customer solutions specialist to a credit coordinator, step increases per collective bargaining agreements and a 4.0% COLA for non-represented personnel is the primary cause for the increase to personnel services. An increase in telecommunications services and marketing fees is the cause for the remaining increase.

The general manager's office is projecting an increase of \$104,000 due to the Council's request to add a public information officer.

The following graph identifies operating expenses by operating utility. The cost of operating the General Manager and the Sales, Marketing and Customer Service Divisions have been allocated to the operating utilities in the same a manner as shown on page C-2.

### 2024 Operating Expenses by Utility



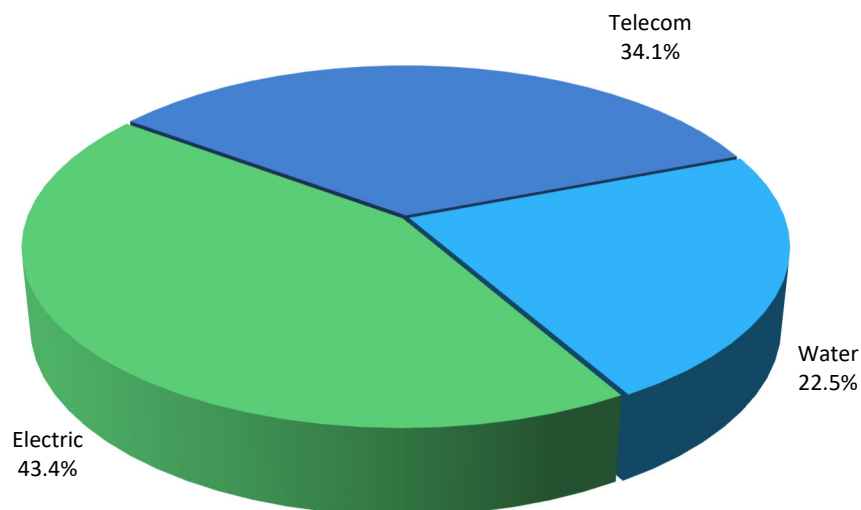
### CAPITAL EXPENDITURES

The amount of capital appropriations requested for 2024 is \$11.20 million. The table below identifies the major capital expenses by utility.

	2023 Budget	2023 Estimate	2024 Budget
Sales, Marketing & Customer Service	\$ 65,635	\$ 60,000	\$ -
Electric	5,903,150	1,931,082	4,863,260
Telecommunications	4,558,500	3,882,000	3,820,265
Water	2,248,020	833,541	2,519,135
Total	<u>\$12,775,305</u>	<u>\$ 6,706,623</u>	<u>\$ 11,202,660</u>



### 2024 Capital Expenses by Utility



Overall the utility's assets totaling \$273 million are depreciated 61.3%. The utility should be spending an amount equal to depreciation in repair and replacements and/or depositing a like amount into a capital replacement account to fund replacements when needed.

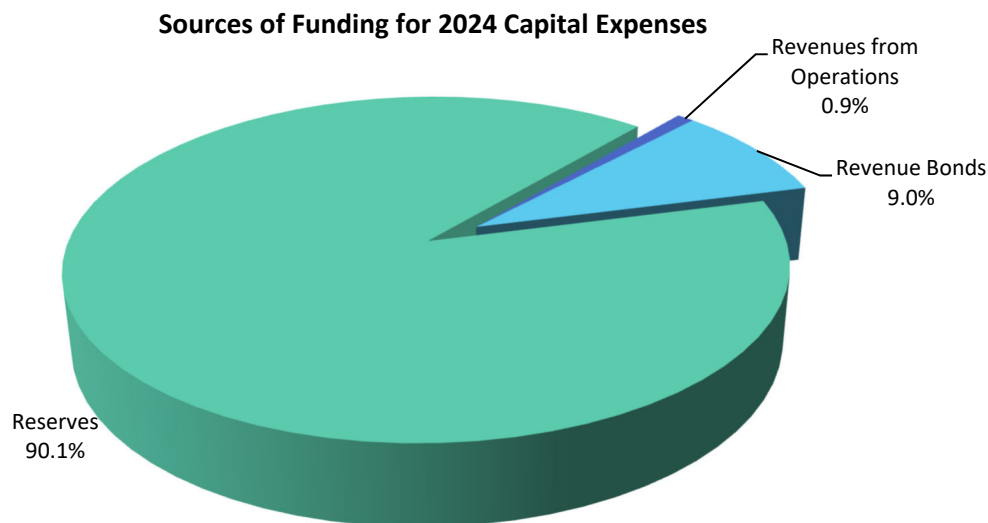
The electric utility has some infrastructure that can be replaced annually but its hydro facilities and generators would require a reserve in excess of \$60 million to replace. A large share of the telecommunications utility assets can be replaced via an annual repair and replacement but it is important to keep the telecom assets up to date due to the competitiveness in the industry and ensure a reliable system. Most of the water utility assets are buried or are large infrastructure items such as dams and reservoirs. In the 80's and 90's the utility was able to take advantage of matching grants from the State of Alaska to help fund infrastructure replacements. These grants dried up in the early 2000's so the water utility is utilizing low interest loans to fund much needed replacements. Below is a list of the utility assets and their depreciated status:

- Electric assets –
  - Distribution assets are depreciated 77%
  - Bailey assets are depreciated 84%
  - Beaver Falls assets are depreciated 69%
  - Silvis assets are depreciated 78%
  - Ketchikan Lakes assets are depreciated 66%
  - Whitman assets (placed in service in 2014) are depreciated 17%
  - General assets are depreciated 88%
- Telecom assets –
  - Regulated (general support, central office, cable & wire facilities) assets are depreciated 82%
  - Non-regulated (transport, internet and DSL/TV) assets are depreciated 51%

- Water assets –
  - Reservoirs and dam assets are depreciated 65%
  - Iron water main assets are depreciated 52%

Funding for the proposed capital budget is as follows:

	Amount	Percentage
Revenues from Operations	\$ 84,229	1%
Bonds	1,001,520	9%
Reserves	10,116,911	90%
	<u>\$ 11,202,660</u>	<u>100%</u>



Please see the proposed KPU 2024 - 2028 Capital Improvement Program for information about the projects planned for 2024.

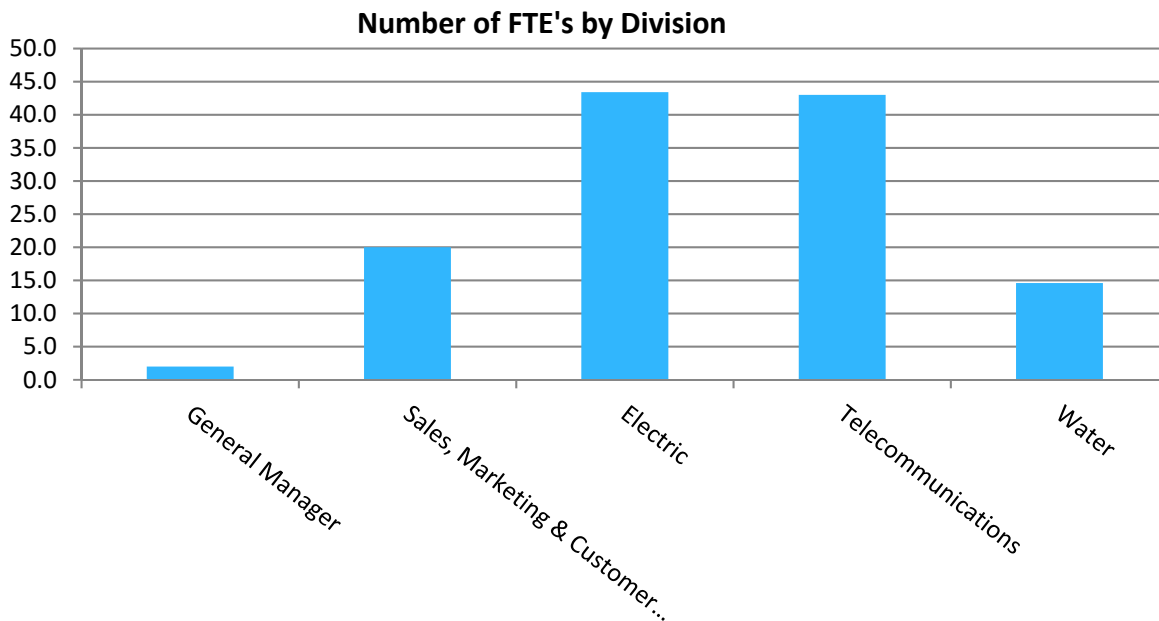
## PERSONNEL

The proposed 2024 KPU Budget includes funding for 123.0 full-time equivalent employees (FTE). Staffing has been increased by 1.5 FTE due to the addition of .5 FTE public information officer under the General Manager's Office and 1 FTE in water for an apprentice. The telecom utility is adding one journey central office network technician and eliminating one journeyman combination technician to better address the needs of the department. Adding an additional central office network technician should reduce the overtime for the division which will help reduce overtime costs. The electric utility is reclassifying one position to reflect additional duties

performed.

The cost of personnel services includes salaries and wages for regular and temporary employees, overtime and employee benefits. Employee benefits include health insurance, retirement, workers compensation, social security, unemployment and accrued leave. The table below identifies the major components of the cost of personnel services.

	2023 Budget	2023 Estimate	2024 Budget
Salaries and Wages - Regular Employees	\$ 11,982,620	\$ 10,316,510	\$ 11,970,306
Salaries and Wages - Temporary Employees	102,000	65,880	114,000
Overtime	906,600	1,078,550	911,100
Payroll Taxes	993,860	875,530	994,108
Pension	1,948,700	2,120,670	2,450,335
Health and Life Insurance	3,239,880	2,784,420	3,424,824
Workers Compensation	217,800	189,550	196,635
Other Benefits	447,060	447,060	388,840
Allowances	142,150	87,768	202,820
Total	<u>\$ 19,980,670</u>	<u>\$ 17,965,938</u>	<u>\$ 20,652,968</u>
Number of Employees (FTE)	<u>121.50</u>	<u>121.50</u>	<u>123.00</u>



The total cost of personnel for 2024 is projected to increase to \$20.65 million from the amount appropriated in 2023. The increase in personnel services is due to a projected increase in health insurance and additional pension costs.

Health insurance costs for 2024 are projected to increase by \$184,944 from what was budgeted in 2023. Health insurance premiums have been projected to rise by 5.5% in 2024. Under its collective bargaining agreements with IBEW, KPU will be required to pay 100% of the first five percent of the increase. The second five percent will be shared equally between KPU and its IBEW represented employees. The addition of 1.5 FTE's employee benefits accounts for \$48,291 of the increase and the remaining \$136,653 is due to the projected rate increase.

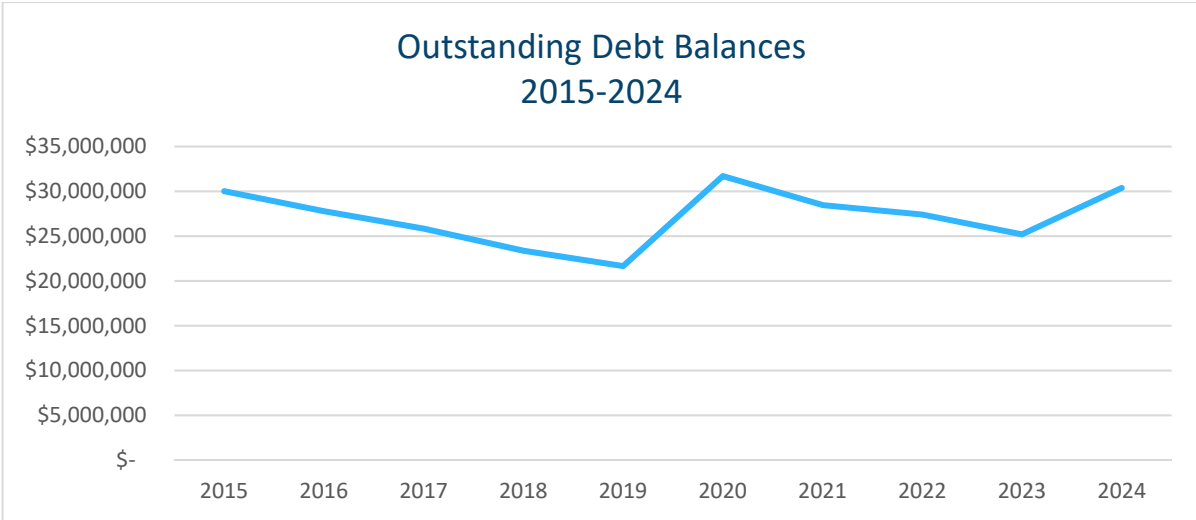
Other benefits such as payroll taxes and pension costs that are based on a percentage of compensation have been programmed to increase because of step increases and added personnel. A previously approved 4.0% cost of living adjustment for the non-represented employees has been programmed and will increase taxes and pension costs accordingly.

## DEBT

In 2024, KPU will have ten outstanding revenue bond issues totaling \$30.37 million. The table below summarizes KPU's bond issues that will be outstanding on January 1, 2024 and the debt service requirements for 2024.

Issue	Balance Outstanding January 1, 2024	Final Maturity	Type	Debt Service		
				2023 Budget	2023 Estimate	2024 Budget
ADEC 481021	900,021	2032	Revenue	\$107,118	\$107,118	\$107,118
ADEC 481051	3,227,350	2032	Revenue	333,357	333,357	333,357
ADEC 481061	682,957	2032	Revenue	70,544	70,544	70,544
ADEC 481091	60,313	2033	Revenue	6,230	6,230	6,230
ADEC 481121	141,977	2033	Revenue	14,666	14,666	14,666
ADEC 481141	444,157	2035	Revenue	39,100	39,100	39,100
ADEC 481041	491,725	2037	Revenue	36,731	36,731	36,731
ADEC 481081	7,313,378	2044	Revenue	-	-	377,490
Series X - Whitman	8,580,000	2032	Revenue	1,043,725	1,043,725	1,044,973
Series Y - Telecom	8,530,000	2038	Revenue	743,800	743,800	746,550
Interfund Loan	-	2023	Interfund	405,705	405,705	-
Total	<u>\$30,371,878</u>			<u>\$2,800,976</u>	<u>\$2,800,976</u>	<u>\$2,776,759</u>

The graph below provides a ten-year history of outstanding debt balances for KPU.



Our newest ADEC Loan, Schoenbar Raw Water Main, once finalized, will have a term of 20 years with an effective interest rate of 1.5% through the Alaska Department of Environmental Conservation. The ADEC Series is a group of loans issued through the Alaska Department of Environmental Conservation's Drinking Water Loan Program. KPU has acquired seven loans through this program all with an attractive interest rate of 1.5 percent.

KPU is currently required by its bond covenants to maintain debt service coverage of net revenues equal to 1.25 times annual debt service. This coverage ratio is different from the requirements of Resolution No. 90-1645, which requires that KPU maintain a debt service coverage ratio of net revenues equal to no less than 1.5 times annual debt service and no more than 2.0 times annual debt service. Compliance with Resolution No. 90-1645 is discussed below. The proposed spending plan is in compliance with the debt service coverage requirements of KPU's bond covenants. The projected debt coverage is .46 without any rate increases. The additional revenue needed to satisfy the bond covenants only, is over \$1.4 million. **If the rates are not increased the City is in danger of violating its bond covenants which would require a rate review and mandatory increases.** Please see page C-5 for more information regarding KPU's projected debt service coverage.

Total annual debt service in the amount of \$2,776,759 has been programmed in the 2024 Budget. On January 1, 2024, the total debt service required to maturity, including interest of \$4,639,235, will be \$35,011,113. Please see pages C-6 and C-7 for more information regarding KPU debt.

#### **COMPLIANCE WITH CITY COUNCIL MANDATED FINANCIAL OBJECTIVES**

Resolution No. 90-1645, adopted by the City Council in 1990, established certain financial objectives for KPU. In 2013, the Council adopted a new fund balance policy that superseded the fund balance policy contained in Resolution No. 90-1645; both policies were reiterated with the

adoption of a 2023 budget policy. The new policy requires KPU to maintain a reserve requirement of no less than 25% of operating expenses. The schedule on page C-5 documents compliance with the reserve requirement and shows that the proposed spending plan for 2024 is in compliance with the fund balance policy. The required fund balance is \$11.50 million and the projected fund balance is \$13.2 million. As discussed earlier, KPU is required to maintain a debt service coverage ratio of annual net revenues between 1.5 and 2.0 times annual debt service. The debt service coverage ratio for proposed spending plan for 2024 is 0.30 and is out of compliance with the requirements of Resolution No. 90-1645. The additional revenue needed to satisfy the debts service coverage of 1.5 is almost \$3.35 million. Staff is strongly recommending an 8% increase in overall revenues in order to sustain the current level of services the utility provides to the community. Please see page C-5 for more information regarding the requirements of Resolution No. 90-1645.

## **CONCLUSION**

The 2024 Budget allows for the continuation of important utility services to the community of Ketchikan. Staff believes that this document provides the community and the City Council with the information needed to begin the process of increasing revenues to effectively and efficiently run an electric, telecom and water utility and respond to the challenges that lie ahead for KPU in 2024 and the future. Over the next few weeks, staff looks forward to the development of a spending plan that permits KPU to continue to provide quality and reliable utility services to the citizens of Ketchikan. The City Council and KPU management should be prepared to take action if events warrant modifications or adjustments to the spending plan presented in the 2024 Budget.

We would like to take this opportunity to express our appreciation to the division managers and their respective staffs for their assistance during the preparation of the KPU 2024 Operating and Capital Budget. Special thanks go to Financial Analyst Meghan Traudt, Executive Assistant Myrna Johannsen, Senior Electric and Water Accountant Stan Aegerter, Senior Telecommunications Accountant Joe Graham, Senior General Government Accountant Camille Nelson, Grants and Fixed Assets Accountant Cristina Doyle and Staff Accountant Anita Beaudoin. Without their efforts and dedication, it would not have been possible to deliver this document to you in a professional and timely manner.

Respectfully submitted,



Delilah A. Walsh

KPU General Manager

A handwritten signature in blue ink that reads "Lacey Simpson".

Lacey G. Simpson  
Assistant KPU General Manager

A handwritten signature in blue ink that reads "Michelle L. Johansen".

Michelle L. Johansen  
Finance Director

(Note: This transmittal letter does not reflect any subsequent action taken by the City Council during its budget deliberations to modify the spending plan proposed for 2024.)

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Revenues and Appropriation Summary**

	2023			2024
	Adopted	Amended	Estimate	Budget
<b>KPU Enterprise Fund</b>				
<b>Funds Available, January 1</b>	<b>23,319,823</b>	<b>23,319,823</b>	<b>28,682,034</b>	<b>24,205,210</b>
Revenues:				
Electric	20,257,300	20,257,300	21,224,215	21,768,400
Telecommunications	20,149,000	20,149,000	20,507,788	21,175,650
Water	5,922,920	5,922,920	5,042,616	6,348,320
Other	198,000	198,000	198,000	202,900
<b>Total Revenues</b>	<b>46,527,220</b>	<b>46,527,220</b>	<b>46,972,619</b>	<b>49,495,270</b>
Appropriations:				
Administration	417,461	417,461	390,587	433,414
Sales, Marketing & Customer Service	3,388,545	3,388,545	3,148,594	3,574,527
Electric	27,643,690	27,695,990	21,762,665	27,117,041
Telecommunications	21,912,849	21,948,370	20,807,390	22,019,392
Water	6,400,881	6,512,802	5,090,207	7,579,149
Transfer to Facilities & Infrastructure Replacement Fund	250,000	250,000	250,000	250,000
<b>Total Appropriations</b>	<b>60,013,426</b>	<b>60,213,168</b>	<b>51,449,443</b>	<b>60,973,523</b>
<b>Funds Available, December 31</b>	<b>9,833,617</b>	<b>9,633,875</b>	<b>24,205,210</b>	<b>12,726,957</b>

	2023			2024
	Adopted	Amended	Estimate	Budget
<b>KPU Facilities &amp; Infrastructure Replacement Fund</b>				
<b>Funds Available, January 1</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,750,000</b>
Revenues:				
Transfer from KPU Enterprise Fund	250,000	250,000	250,000	250,000
<b>Total Revenues</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
Appropriations:				
Transfers to KPU Enterprise Fund				
<b>Total Appropriations</b>				
<b>Funds Available, December 31</b>	<b>1,750,000</b>	<b>1,750,000</b>	<b>1,750,000</b>	<b>2,000,000</b>



**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Summary of Expenditures - All Divisions**

	General Manager	Sales, Marketing & Customer Service	Electric	Telecom	Water	Total
Operating Costs:						
Personnel Services and Benefits	366,769	2,527,980	8,579,131	7,691,677	2,432,398	21,597,955
Supplies	2,940	111,050	8,439,700	1,009,250	320,777	9,883,717
Contract/Purchased Services	33,175	854,877	2,002,600	6,945,700	536,250	10,372,602
Minor Capital Outlay	23,300	36,500	41,450	21,000	7,650	129,900
Interdepartmental Charges	7,230	44,120	1,944,030	1,578,550	613,000	4,186,930
<b>Operating Costs Before PILOT and Debt Service</b>	<b>433,414</b>	<b>3,574,527</b>	<b>21,006,911</b>	<b>17,246,177</b>	<b>3,910,075</b>	<b>46,171,104</b>
Payment in Lieu of Taxes			382,000	206,400	197,600	786,000
<b>Operating Costs Before Debt Service</b>	<b>433,414</b>	<b>3,574,527</b>	<b>21,388,911</b>	<b>17,452,577</b>	<b>4,107,675</b>	<b>46,957,104</b>
Debt Service			1,044,973	746,550	985,236	2,776,759
<b>Operating Costs Before Allocation of Overhead</b>	<b>433,414</b>	<b>3,574,527</b>	<b>22,433,884</b>	<b>18,199,127</b>	<b>5,092,911</b>	<b>49,733,863</b>
Allocation of Overhead to Operating Utilities:						
General Manager	(433,414)		216,707	195,037	21,671	-
Sales, Marketing & Customer Service		(3,574,527)	929,376	2,502,169	142,982	-
<b>Total Operating Costs</b>	<b>-</b>	<b>-</b>	<b>23,579,967</b>	<b>20,896,333</b>	<b>5,257,563</b>	<b>49,733,863</b>
Major Capital Outlay			4,683,157	3,820,265	2,486,238	10,989,660
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>28,263,124</b>	<b>24,716,598</b>	<b>7,743,801</b>	<b>60,723,523</b>
Transfer to KPU Facilities and Infrastructure Fund						250,000
<b>Total Appropriations</b>						<b>60,973,523</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Number of Employees Comparative Schedule**

Division	2021	2022	2023			2024	2024 Adopted/2023	
	Actual	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
<b>5100 GENERAL MANAGER</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>-</b>	<b>0.0%</b>
<b>5110 SALES, MARKETING &amp; CUSTOMER SERVICE</b>	<b>19.00</b>	<b>19.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>-</b>	<b>0.0%</b>
<b>5200 ELECTRIC</b>								
Administrative	6.00	6.00	6.00	6.00	6.00	6.00		0.0%
Generation Control	7.00	7.00	9.00	9.00	9.00	9.00	-	0.0%
Transmission/Distribution	19.40	19.40	19.40	19.40	19.40	19.40	-	0.0%
Mechanical Maintenance	9.00	9.00	9.00	9.00	9.00	9.00	-	0.0%
<b>TOTAL ELECTRIC</b>	<b>41.40</b>	<b>41.40</b>	<b>43.40</b>	<b>43.40</b>	<b>43.40</b>	<b>43.40</b>	<b>-</b>	<b>0.0%</b>
<b>5300 TELECOMMUNICATIONS</b>								
Administrative	6.00	6.00	6.00	6.00	6.00	6.00	-	0.0%
Engineering Operations	4.00	4.00	5.00	5.00	5.00	5.00	-	0.0%
Plant Specific Operations	25.00	25.00	27.00	27.00	27.00	27.00	-	0.0%
Plant Non-Specific Operations	6.00	6.00	5.00	5.00	5.00	5.00	-	0.0%
<b>TOTAL TELECOMMUNICATIONS</b>	<b>41.00</b>	<b>41.00</b>	<b>43.00</b>	<b>43.00</b>	<b>43.00</b>	<b>43.00</b>	<b>-</b>	<b>0.0%</b>
<b>5400 WATER</b>	<b>12.60</b>	<b>12.60</b>	<b>13.60</b>	<b>13.60</b>	<b>13.60</b>	<b>14.60</b>	<b>1.00</b>	<b>7.4%</b>
<b>TOTAL KPU EMPLOYEES</b>	<b>115.50</b>	<b>115.50</b>	<b>121.50</b>	<b>121.50</b>	<b>121.50</b>	<b>122.50</b>	<b>1.00</b>	<b>0.8%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Summary of Funding by Operating Utility**

	Total	Operating Revenues	Grants	Bonds/Loans	Other	Drawdown Of Reserves
Electric:						
Operating Costs	22,152,994	21,768,400	-	-	101,450	283,144
Debt Service	1,044,973	-	-	-	-	1,044,973
Payment in Lieu of Taxes	382,000	-	-	-	-	382,000
Major Capital Outlay	4,683,157	-	-	-	-	4,683,157
Total	<b>28,263,124</b>	<b>21,768,400</b>	-	-	<b>101,450</b>	<b>6,393,274</b>
Telecommunications:						
Operating Costs	19,943,383	19,943,383	-	-	-	-
Debt Service	746,550	746,550	-	-	-	-
Payment in Lieu of Taxes	206,400	206,400	-	-	-	-
Major Capital Outlay	3,820,265	279,317	-	-	101,450	3,439,498
Total	<b>24,716,598</b>	<b>21,175,650</b>	-	-	<b>101,450</b>	<b>3,439,498</b>
Water:						
Operating Costs	4,074,727	4,074,727	-	-	-	-
Debt Service	985,236	985,236	-	-	-	-
Payment in Lieu of Taxes	197,600	197,600	-	-	-	-
Major Capital Outlay	2,486,238	89,237	-	1,001,520	-	1,395,481
Total	<b>7,743,801</b>	<b>5,346,800</b>	-	<b>1,001,520</b>	-	<b>1,395,481</b>
Facilities & Infrastructure Replacement	250,000	-	-	-	-	250,000
Total	<b>60,973,523</b>	<b>48,290,850</b>	-	<b>1,001,520</b>	<b>202,900</b>	<b>11,478,253</b>

**KETCHIKAN PUBLIC UTILITIES****2024 Operating and Capital Budget****Compliance With Fund Balance Policy, Resolution No. 90-1645 and KPU Bond Covenants**

Description	Amount
<b>Operating Revenues:</b>	
Electric	21,768,400
Telecommunications	21,175,650
Water	5,346,800
Other	202,900
<b>Total Operating Revenues</b>	<b>48,493,750</b>
<b>Operating Costs:</b>	
Personnel Services and Benefits	21,597,955
Supplies	9,883,717
Contract/Purchased Services	10,372,602
Minor Capital Outlay	129,900
Interdepartmental Charges	4,186,930
Payment in Lieu of Taxes	786,000
<b>Total Operating Costs</b>	<b>46,957,104</b>
<b>Net Revenue</b>	<b>1,536,646</b>
Add Back Payment in Lieu of Taxes	786,000
<b>Net Revenue Available for Debt Service</b>	<b>2,322,646</b>
<b>A. Compliance with Fund Balance Policy:</b>	
Total Operating Costs	46,957,104
Reserve Requirement at 25 Percent of Total Operating Costs	11,739,276
Estimated Reserves, December 31, 2024	14,726,957
<b>Over (Under) Reserve Requirement</b>	<b>2,987,681</b>
<b>B. Compliance with the Debt Service Coverage Requirements of Resolution No. 90-1645:</b>	
Net Revenue Available for Debt Service	2,322,646
Debt Service	2,776,759
<b>Debt Service Coverage (Required Debt Service Coverage: 1.50 - 2.0)</b>	<b>0.84</b>
<b>C. Compliance with the Debt Service Coverage Requirements of KPU's Bond Covenants:</b>	
Net Revenue Available for Debt Service	2,322,646
Debt Service	2,776,759
Less Debt Not Subject to Bond Covenants	(985,236)
<b>DebtService Coverage (Required Debt Service Coverage: 1.25)</b>	<b>1.30</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Annual Debt Service By Utility**

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Issue	Principal Due	Interest Due	Total Due	Electric Percent	Electric Amount	Telecom Percent	Telecom Amount	Water Percent	Water Amount	Total Percent	Total Amount
Revenue Bond Debt:											
ADEC #481021	93,989	13,129	107,118	-	-	-	-	100.00%	107,118	100.00%	107,118
ADEC #481061	60,525	10,019	70,544	-	-	-	-	100.00%	70,544	100.00%	70,544
ADEC #481051	286,015	47,342	333,357	-	-	-	-	100.00%	333,357	100.00%	333,357
ADEC #481091	5,345	885	6,230	-	-	-	-	100.00%	6,230	100.00%	6,230
ADEC #481121	12,583	2,083	14,666	-	-	-	-	100.00%	14,666	100.00%	14,666
ADEC #481141	32,560	6,540	39,100	-	-	-	-	100.00%	39,100	100.00%	39,100
ADEC #481041	29,465	7,266	36,731	-	-	-	-	100.00%	36,731	100.00%	36,731
ADEC #481081	274,809	102,681	377,490	-	-	-	-	100.00%	377,490	100.00%	377,490
Series X - Whitman	905,000	139,973	1,044,973	100.00%	1,044,973	-	-	-	-	-	1,044,973
Series Y - Subsea Fiber Cable	365,000	381,550	746,550	-	-	100.00%	746,550	-	-	-	746,550
Total	2,065,291	711,468	2,776,759	-	1,044,973	-	746,550	-	985,236	-	2,776,759

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Schedule of Current and Future Annual Debt Service**

Year	Series W ADEC 481021	Series W ADEC 481061	Series W ADEC 481051	Series W ADEC 481091	Series W ADEC 481121	Series W ADEC 481141	Series Z ADEC 481081	Series X Whitman	Series Y ADEC 481041	Series Y Undersea Cable	Total
2024	107,118	70,544	333,357	6,230	14,666	39,100	377,490	1,044,973	36,731	746,550	2,776,759
2025	107,118	70,544	333,357	6,230	14,666	39,100	377,490	1,048,656	36,731	748,300	2,782,192
2026	107,118	70,544	333,357	6,230	14,666	39,100	377,490	1,044,213	36,731	744,050	2,773,499
2027	107,118	70,544	333,357	6,230	14,666	39,100	377,490	1,043,339	36,731	749,050	2,777,625
2028	107,118	70,544	333,357	6,230	14,666	39,100	377,490	1,044,101	36,731	747,800	2,777,137
2029	107,118	70,544	333,357	6,230	14,666	39,100	377,490	1,042,743	36,731	745,550	2,773,529
2030	107,118	70,544	333,357	6,230	14,666	39,100	377,490	1,043,812	36,731	747,300	2,776,348
2031	107,118	70,544	333,357	6,230	14,666	39,100	377,490	1,043,996	36,731	747,800	2,777,032
2032	107,115	70,544	333,357	6,230	14,666	39,100	377,490	1,047,776	36,731	752,050	2,785,059
2033		70,544	333,357	6,230	14,666	39,100	377,490		36,731	749,800	1,627,918
2034		35,272	166,678	3,115	7,333	39,100	377,490		36,731	747,000	1,412,719
2035						39,100	377,490		36,731	748,400	1,201,721
2036						19,552	377,490		36,731	748,800	1,182,573
2037							377,490		36,731	748,200	1,162,421
2038							377,490		36,731	751,600	1,165,821
2039							377,490			748,800	1,126,290
2040							377,490				377,490
2041							377,490				377,490
2042							377,490				377,490
2043							377,490				377,490
	964,059	740,712	3,500,248	65,415	153,993	488,752	7,549,800	9,403,609	550,965	11,971,050	35,011,113

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Revenue Summary by Utility**

Electric Revenues	2022	2023			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operating Revenue							
Residential	8,720,005	8,704,000	8,704,000	8,868,000	9,390,000	686,000	7.9%
Harbor	379,931	365,700	365,700	378,000	401,300	35,600	9.7%
Business	7,918,380	7,875,400	7,875,400	8,130,300	8,549,400	674,000	8.6%
Industrial	2,041,674	2,029,300	2,029,300	2,091,100	2,177,175	147,875	7.3%
Yard Lights	64,889	64,900	64,900	65,600	73,215	8,315	12.8%
Large Commercial Demand	351,007	339,500	339,500	358,800	380,025	40,525	11.9%
City Street Lights	132,787	132,200	132,200	133,000	132,900	700	0.5%
Industrial Demand	219,368	207,500	207,500	203,900	225,585	18,085	8.7%
Diesel Fuel Surcharge	-	-	-	-	-	-	NA
<b>Total Operating Revenue</b>	<b>19,828,041</b>	<b>19,718,500</b>	<b>19,718,500</b>	<b>20,228,700</b>	<b>21,329,600</b>	<b>1,611,100</b>	<b>8.2%</b>
Other Operating Revenue							
Service Charges	110,358	100,000	100,000	98,500	100,000	-	0.0%
Penalty	77,334	73,000	73,000	85,800	73,000	-	0.0%
Pole Rentals - External	72,009	72,000	72,000	71,800	72,000	-	0.0%
Pole Rentals - Interdepartmental	159,789	159,800	159,800	159,800	159,800	-	0.0%
Reimbursable Projects	25,206	25,000	25,000	25,000	25,000	-	0.0%
Hydro Incentive Program	221,624	100,000	100,000	551,915	-	(100,000)	-100.0%
Other Revenue	20,729	9,000	9,000	2,700	9,000	-	0.0%
<b>Total Other Operating Revenue</b>	<b>687,049</b>	<b>538,800</b>	<b>538,800</b>	<b>995,515</b>	<b>438,800</b>	<b>(100,000)</b>	<b>-18.6%</b>
<b>Total Operating Revenue</b>	<b>20,515,090</b>	<b>20,257,300</b>	<b>20,257,300</b>	<b>21,224,215</b>	<b>21,768,400</b>	<b>1,511,100</b>	<b>7.5%</b>
Nonoperating Revenue							
Grants	-	-	-	-	-	-	NA
<b>Total Nonoperating Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>NA</b>
<b>Total Electric Revenue</b>	<b>20,515,090</b>	<b>20,257,300</b>	<b>20,257,300</b>	<b>21,224,215</b>	<b>21,768,400</b>	<b>1,511,100</b>	<b>7.5%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Revenue Summary by Utility**

Telecommunications Revenues	2022	2023			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Local Network Services							
Business & Residential	732,586	681,000	681,000	684,287	643,000	(38,000)	-5.6%
Local Special Circuits	1,070,779	1,007,000	1,007,000	1,070,457	1,213,000	206,000	20.5%
Other Local Revenue	122,962	122,000	122,000	119,221	117,000	(5,000)	-4.1%
<b>Total Local Revenue</b>	<b>1,926,327</b>	<b>1,810,000</b>	<b>1,810,000</b>	<b>1,873,965</b>	<b>1,973,000</b>	<b>163,000</b>	<b>9.0%</b>
Network Access Services							
Interstate Flat Rate End User	584,010	537,000	537,000	569,583	538,000	1,000	0.2%
Interstate Access Charges	4,698,150	4,688,000	4,688,000	4,715,234	4,690,000	2,000	0.0%
Interstate Special Access Charges	2,368,877	2,334,000	2,334,000	2,175,721	2,222,300	(111,700)	-4.8%
Intrastate Access Charges	870,193	851,000	851,000	807,158	781,000	(70,000)	-8.2%
<b>Total Network Access Services Revenue</b>	<b>8,521,230</b>	<b>8,410,000</b>	<b>8,410,000</b>	<b>8,267,696</b>	<b>8,231,300</b>	<b>(178,700)</b>	<b>-2.1%</b>
Miscellaneous							
Directory Revenue	43,306	150,000	150,000	84,625	76,000	(74,000)	-49.3%
Miscellaneous Revenue	52,648	51,000	51,000	42,857	42,000	(9,000)	-17.6%
<b>Total Miscellaneous Revenue</b>	<b>95,954</b>	<b>201,000</b>	<b>201,000</b>	<b>127,482</b>	<b>118,000</b>	<b>(83,000)</b>	<b>-41.3%</b>
Nonregulated & Other Revenue							
Customer Premise Eq Sales/Service	4,644	15,000	15,000	10,061	9,000	(6,000)	-40.0%
Long Distance Revenue	115,532	110,000	110,000	114,324	112,000	2,000	1.8%
IP Network	6,778,627	6,621,000	6,621,000	7,122,880	7,748,350	1,127,350	17.0%
4G LTE	2,922,033	2,890,000	2,890,000	2,891,874	2,890,000	-	0.0%
Miscellaneous	137,067	92,000	92,000	99,506	94,000	2,000	2.2%
<b>Total Nonregulated &amp; Other Revenue</b>	<b>9,957,903</b>	<b>9,728,000</b>	<b>9,728,000</b>	<b>10,238,645</b>	<b>10,853,350</b>	<b>1,125,350</b>	<b>11.6%</b>
<b>Total Operating Revenues</b>	<b>20,501,414</b>	<b>20,149,000</b>	<b>20,149,000</b>	<b>20,507,788</b>	<b>21,175,650</b>	<b>1,026,650</b>	<b>5.1%</b>
Nonoperating Revenue							
Bond Proceeds	-	-	-	-	-	-	NA
<b>Total Nonoperating Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Telecommunications Revenue</b>	<b>20,501,414</b>	<b>20,149,000</b>	<b>20,149,000</b>	<b>20,507,788</b>	<b>21,175,650</b>	<b>1,026,650</b>	<b>5.1%</b>



**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Revenue Summary by Utility**

Water Revenues	2022 Actual	2023			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
Operating Revenue							
Residential	2,038,955	2,114,800	2,114,800	2,124,200	2,242,500	127,700	6.0%
Apartment	428,604	444,300	444,300	443,700	468,160	23,860	5.4%
Business	1,633,581	1,694,200	1,694,200	1,709,800	1,805,100	110,900	6.5%
Industrial	109,968	114,400	114,400	114,400	120,672	6,272	5.5%
Seafood Processors	370,687	385,700	385,700	385,500	406,765	21,065	5.5%
Port	87,120	167,500	167,500	133,500	167,500	-	0.0%
Fire Hydrant	34,047	35,400	35,400	35,400	37,353	1,953	5.5%
<b>Total Operating Revenue</b>	<b>4,702,962</b>	<b>4,956,300</b>	<b>4,956,300</b>	<b>4,946,500</b>	<b>5,248,050</b>	<b>291,750</b>	<b>5.9%</b>
Other Operating Revenue							
Penalty	17,997	23,000	23,000	21,600	23,000	-	0.0%
Other Revenue	3,191	1,000	1,000	1,800	1,000	-	0.0%
Raw Fish Tax	91,376	91,100	91,100	72,716	74,750	(16,350)	-17.9%
<b>Total Other Operating Rev</b>	<b>112,564</b>	<b>115,100</b>	<b>115,100</b>	<b>96,116</b>	<b>98,750</b>	<b>(16,350)</b>	<b>-14.2%</b>
<b>Total Operating Revenue</b>	<b>4,815,526</b>	<b>5,071,400</b>	<b>5,071,400</b>	<b>5,042,616</b>	<b>5,346,800</b>	<b>275,400</b>	<b>5.4%</b>
Water Nonoperating Revenue							
Bond Proceeds	-	851,520	851,520	-	1,001,520	150,000	17.6%
<b>Total Nonoperating Water Revenue</b>	<b>-</b>	<b>851,520</b>	<b>851,520</b>	<b>-</b>	<b>1,001,520</b>	<b>150,000</b>	<b>17.6%</b>
<b>Total Water Revenue</b>	<b>4,815,526</b>	<b>5,922,920</b>	<b>5,922,920</b>	<b>5,042,616</b>	<b>6,348,320</b>	<b>425,400</b>	<b>7.2%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Revenue Summary by Utility**

Other Revenues	2022	2023			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operating Revenue							
Interest Income	(5,043)	100,000	100,000	100,000	100,000	-	0.0%
Gen Gov Billing and Collections	98,000	98,000	98,000	98,000	102,900	4,900	5.0%
<b>Total Other Operating Revenue</b>	<b>92,957</b>	<b>198,000</b>	<b>198,000</b>	<b>198,000</b>	<b>202,900</b>	<b>4,900</b>	<b>2.5%</b>

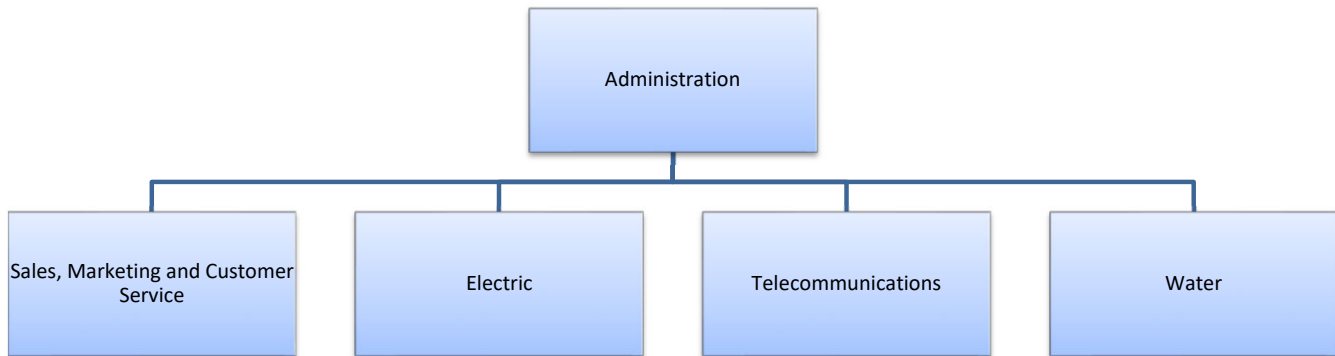
**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Revenue Summary by Utility**

All KPU Revenues	2022	2023			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operating Revenues							
Electric	20,515,090	20,257,300	20,257,300	21,224,215	21,768,400	1,511,100	7.5%
Telecommunications	20,501,414	20,149,000	20,149,000	20,507,788	21,175,650	1,026,650	5.1%
Water	4,815,526	5,071,400	5,071,400	5,042,616	5,346,800	275,400	5.4%
Other	92,957	198,000	198,000	198,000	202,900	4,900	2.5%
	<b>45,924,987</b>	<b>45,675,700</b>	<b>45,675,700</b>	<b>46,972,619</b>	<b>48,493,750</b>	<b>2,818,050</b>	<b>6.2%</b>
Nonoperating Revenues							
Electric	-	-	-	-	-	-	NA
Telecommunications	-	-	-	-	-	-	NA
Water	-	851,520	851,520	-	1,001,520	150,000	New
Other	-	-	-	-	-	-	NA
	-	<b>851,520</b>	<b>851,520</b>	-	<b>1,001,520</b>	<b>150,000</b>	<b>New</b>
<b>Total Revenue - All Divisions</b>	<b>45,924,987</b>	<b>46,527,220</b>	<b>46,527,220</b>	<b>46,972,619</b>	<b>49,495,270</b>	<b>2,968,050</b>	<b>6.4%</b>

**CITY OF KETCHIKAN**  
**2024 Operating and Capital Budget**  
**KPU Administration**

**Summary**

The General Manager's Office serves as the chief executive of Ketchikan Public Utilities. The office oversees the daily operation of four (4) divisions that have a combined annual budget of \$59.7 million.



The Ketchikan Public Utilities General Manager's Office is comprised of two operating divisions and oversees one Capital Improvement Program.

**DEPARTMENT EXECUTIVE SUMMARY**

Divisions/Cost Center/Programs	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
General Manager Administration	288,590	397,461	397,461	375,587	413,414	15,953	4.0%
Capital Improvement Program	-	20,000	20,000	15,000	20,000	-	0.0%
<b>Total</b>	<b>288,590</b>	<b>417,461</b>	<b>417,461</b>	<b>390,587</b>	<b>433,414</b>	<b>15,953</b>	<b>3.8%</b>

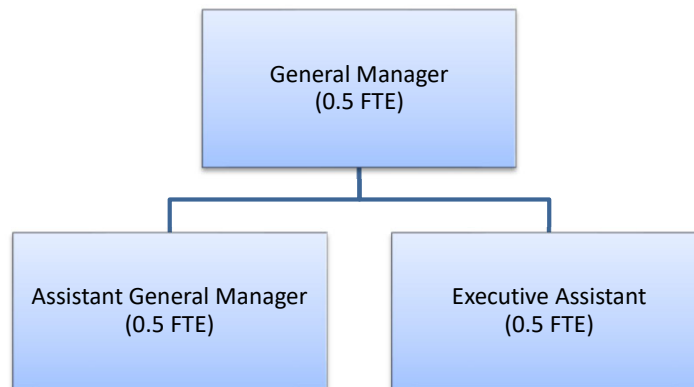
Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	255,111	352,796	352,186	338,568	366,769	13,973	4.0%
Supplies	1,925	3,040	3,813	2,809	2,940	(100)	-3.3%
Contract/Purchased Services	26,005	32,975	32,225	26,250	33,175	200	0.6%
Minor Capital Outlay	1,129	3,300	3,277	2,000	3,300	-	0.0%
Interdept'l Charges/Reimbursable Credits	4,420	5,350	5,960	5,960	7,230	1,880	35.1%
Major Capital Outlay	-	20,000	20,000	15,000	20,000	-	0.0%
<b>Total</b>	<b>288,590</b>	<b>417,461</b>	<b>417,461</b>	<b>390,587</b>	<b>433,414</b>	<b>15,953</b>	<b>3.8%</b>

Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	288,590	417,461	417,461	390,587	433,414	15,953	3.8%
<b>Total</b>	<b>288,590</b>	<b>417,461</b>	<b>417,461</b>	<b>390,587</b>	<b>433,414</b>	<b>15,953</b>	<b>3.8%</b>

Personnel	2022	2023 Budget		2024		2023 Adopted/2024	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
General Manager Administration	1.50	1.50	1.50	1.50	233,109	-	0.0%
Public Information Office	-	-	-	-	-	-	NA
<b>Total</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>233,109</b>	<b>-</b>	<b>0.0%</b>

**MISSION STATEMENT**

The mission of Ketchikan Public Utilities is to provide quality municipal utility services as efficiently and effectively as possible within the guidelines established by federal and state law; the Charter of the City of Ketchikan; the Ketchikan Municipal Code; and the ratepayers of the utility as represented by the City Council. The General Manager's office exercises line authority over all utility divisions with combined operating and capital improvement budgets in support of daily service delivery and furtherance of long-range goals. The General Manager's office ensures implementation, supervision and evaluation of all utility activities, programs and facilities. This includes the normal range of programs and projects associated with all utility divisions and special projects and/or tasks that do not fall within the scope of KPU's traditional departmental structure. The mission of the Administration Division is to ensure that these responsibilities and duties are carried out in a timely and efficient manner that reflects positively on Ketchikan Public Utilities.



**GOALS FOR 2024**

- Provide timely information and recommendations to the City Council.
- Follow through on direction provided by the City Council as the result of business conducted at regular meetings of the City Council or through enactment of policies provided for in the 2024 Ketchikan Public Utilities Operating and Capital Budget.
- Continue management oversight of General Government.
- Coordinate and improve citizen participation and public information efforts.
- Coordinate and improve employee outreach and recognition programs.
- Strengthen employee focus on customer service and improvement of all Utility programs and services.
- Encourage team building among staff.
- Work with the division managers to advance City Council approved Capital Improvement Programs.
- Work with the Electric Division to continue the division's modernization program for the diesel generators at the Bailey Power Plant. Evaluate need for additional capacity and pursue shower power expansion for the Port of Ketchikan should funding become available.
- Continue to work with Telecommunications Division management to take maximum advantage of the completed undersea fiber link from Ketchikan to Prince Rupert, British Columbia, including marketing and selling data transmission services to third parties.

- Continue work with the Alaska Department of Environmental Conservation, Water Division and contractors to gain a Limited Alternative to Filtration designation by the Environmental Protection Agency to address excessive coliforms in the raw water supply with current treatment methods and avoid the installation of a filtration system.
- Work with the City's lobbyists and grant writers, to access any and all Bipartisan Infrastructure Law funded grant programs administered by the State of Alaska as well as House and Senate Federal funding opportunities, as applicable to Ketchikan Public Utilities projects and initiatives.
- Work with Water Division and Public Works Department management, in order to complete the deployment of water meters for all commercial water and wastewater utility customers.
- Prepare the draft 2025 Ketchikan Public Utilities Operating and Capital Budget and the 2025-2029 Capital Improvement Plan. Evaluate traditional service delivery in light of continued reductions to state programs and/or direct assistance to municipalities.
- Work with the City Council, staff, public and stakeholders identified by the City Council to develop a comprehensive strategic plan for Ketchikan Public Utilities.
- With the City Council, Human Resources Division, and Finance Department, evaluate current employee compensation and develop solutions to address recruitment and retention issues.
- Work with the City Council and Division Managers, Finance Department and third party consultants as appropriate to evaluate current utilities rates and develop sustainable rate structures to support operations and capital improvements and implement a new rate setting process.

#### **ACCOMPLISHMENTS FOR 2023**

- Continued management oversight of General Government.
- Submitted the draft 2023 Ketchikan Public Utilities Operating and 2023-2027 Capital Budget to the City Council for formal consideration and adoption.
- With the Water Division and third-party consultant, successfully submitted the reports required of the Compliance Order by Consent with the Alaska Department of Environmental Conservation as a pathway to meeting Limited Alternative to Filtration water system requirements and in avoidance of the construction of a costly water filtration facility for utility rate payers and the Water Division.
- Worked with Water Division and Public Works Department management, in order to continue the deployment of water meters for all commercial water and wastewater utility customers.
- With the Human Resources Division, hired Jeremy Bynum effective April 18, 2023 as the Electric Division Manager, where he had been serving as Acting Manager for 15 months.
- Continued to participate as staff to the Ketchikan Gateway Borough/City of Ketchikan Cooperative Relations, Lobbying Executive and Legislative Liaison Committees.
- Continued to update and keep current the General Government and Ketchikan Public Utilities' website.
- Supported the Customer Service Sales & Marketing division's efforts to launch a new website and payment portal.

**CITY OF KETCHIKAN**  
**2024 Operating and Capital Budget**  
**KPU Administration**

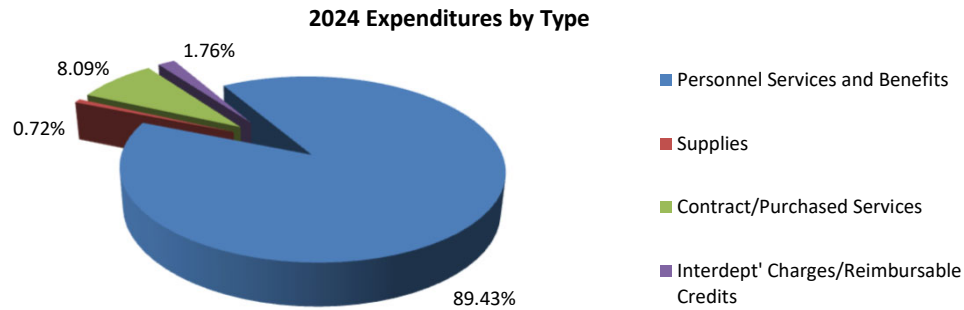
**General Manager Administration 5100-100**

**DIVISION SUMMARY**

Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	255,111	352,796	352,186	338,568	366,769	13,973	4.0%
Supplies	1,925	3,040	3,813	2,809	2,940	(100)	-3.3%
Contract/Purchased Services	26,005	32,975	32,225	26,250	33,175	200	0.6%
Minor Capital Outlay	1,129	3,300	3,277	2,000	3,300	-	0.0%
Interdept' Charges/Reimbursable Credits	4,420	5,350	5,960	5,960	7,230	1,880	35.1%
<b>Total Expenditures</b>	<b>288,590</b>	<b>397,461</b>	<b>397,461</b>	<b>375,587</b>	<b>413,414</b>	<b>15,953</b>	<b>4.0%</b>

Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	288,590	397,461	397,461	375,587	413,414	15,953	4.0%
<b>Total Funding</b>	<b>288,590</b>	<b>397,461</b>	<b>397,461</b>	<b>375,587</b>	<b>413,414</b>	<b>15,953</b>	<b>4.0%</b>

Personnel	2022	2023 Budget		2024		2023 Adopted/2024	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
General Manager	0.50	0.500	0.500	0.50	107,500	-	0.0%
Acting General Manager	-	0.375	0.375	-	-	(0.375)	NA
Assistant General Manager	0.50	0.125	0.125	0.50	89,715	0.375	300.0%
Executive Assistant	0.50	0.500	0.500	0.50	35,894	-	0.0%
<b>Total</b>	<b>1.500</b>	<b>1.500</b>	<b>1.500</b>	<b>1.500</b>	<b>233,109</b>	<b>-</b>	<b>0.0%</b>



**OPERATING BUDGET CHANGES FOR 2024**

Changes between the adopted operating budget for 2023 and the proposed operating budget for 2024 that are greater than 5% and \$5,000 are discussed below:

- Personnel Services and Benefits increased by \$13,973, or by 4.0%, due to annual employee step increases, a 4.0% cost of living adjustment for non-represented employees that will become effective January 1, 2024; an projected increases in payroll taxes, pension, health and life insurance costs.

		2022	2023 Budget			2024	2023 Adopted/2024	
Operating Expenditures		Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits								
500. 01	Regular Salaries and Wages	157,684	228,926	228,926	222,600	233,109	4,183	1.8%
501. 01	Overtime Wages	456	1,000	1,000	340	1,000	-	0.0%
502. 01	Temporary Wages	6,788	2,000	2,000	670	2,000	-	0.0%
505. 00	Payroll Taxes	12,049	17,750	17,750	17,000	18,070	320	1.8%
506. 00	Pension	36,102	51,510	51,510	49,360	52,450	940	1.8%
507. 00	Health and Life Insurance	26,039	46,360	43,840	41,460	55,530	9,170	19.8%
507. 30	Workers Compensation	433	630	630	610	620	(10)	-1.6%
508. 00	Other Benefits	9,668	4,620	4,620	4,620	3,990	(630)	-13.6%
509. 07	Allowances-Moving Expense Taxed	5,892	-	1,910	1,908	-	-	NA
Personnel Services and Benefits		255,111	352,796	352,186	338,568	366,769	13,973	4.0%
Supplies								
510. 01	Office Supplies	550	750	1,710	1,710	750	-	0.0%
515. 01	Vehicle Maintenance Materials	79	400	300	300	300	(100)	-25.0%
520. 02	Postage	12	100	44	44	100	-	0.0%
525. 04	Motor Vehicle Fuel & Lubricants	803	625	625	450	625	-	0.0%
530. 02	Periodicals	140	165	165	165	165	-	0.0%
535. 02	Business and Meal Expenses	341	1,000	969	140	1,000	-	0.0%
Supplies		1,925	3,040	3,813	2,809	2,940	(100)	-3.3%



**CITY OF KETCHIKAN**  
**2024 Operating and Capital Budget**  
**KPU Administration**

**General Manager Administration 5100-100**

Operating Expenditures	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
<b>Contract/Purchased Services</b>							
600. 01 Travel-Business	9,101	8,000	7,970	7,970	8,200	200	2.5%
600. 03 Travel-Training & Education	-	-	30	30	-	-	NA
615. 01 Professional Licenses & Certifications	45	-	-	-	-	-	NA
615. 02 Assn Membership Fees & Dues	-	1,825	1,825	1,000	1,825	-	0.0%
630. 02 Vehicle Licenses	-	50	50	50	50	-	0.0%
630. 05 Software Licenses	-	-	250	250	-	-	NA
635. 07 Machinery & Equip Maint Services	76	1,000	1,000	500	1,000	-	0.0%
635. 12 Technical Services	-	100	100	50	100	-	0.0%
640. 04 Management & Consulting Services	15,966	20,000	19,000	15,000	20,000	-	0.0%
650. 01 Telecommunications	817	2,000	2,000	1,400	2,000	-	0.0%
<b>Contract/Purchased Services</b>	<b>26,005</b>	<b>32,975</b>	<b>32,225</b>	<b>26,250</b>	<b>33,175</b>	<b>200</b>	<b>0.6%</b>
<b>Minor Capital Outlay</b>							
790. 26 Minor Computers, Printers & Copiers	1,129	3,300	3,277	2,000	3,300	-	0.0%
<b>Minor Capital Outlay</b>	<b>1,129</b>	<b>3,300</b>	<b>3,277</b>	<b>2,000</b>	<b>3,300</b>	<b>-</b>	<b>0.0%</b>
<b>Interdepartmental Charges</b>							
825. 01 Interdept'l Charges-Insurance	4,420	5,350	5,960	5,960	7,230	1,880	35.1%
<b>Interdepartmental Charges</b>	<b>4,420</b>	<b>5,350</b>	<b>5,960</b>	<b>5,960</b>	<b>7,230</b>	<b>1,880</b>	<b>35.1%</b>
<b>Total Expenditures by Type</b>	<b>288,590</b>	<b>397,461</b>	<b>397,461</b>	<b>375,587</b>	<b>413,414</b>	<b>15,953</b>	<b>4.0%</b>

**NARRATIVE**

**500.01 Regular Salaries and Wages: \$233,109** – This account provides expenditures for the cost of the annual salaries paid to the employees of the General Manager’s Office.

**501.01 Overtime Wages: \$1,000** – This account provides expenditures for the compensation paid to the Executive Assistant for hours worked in excess of a regular working cycle. These excess hours typically occur during budget and legislative preparation periods.

**502.01 Temporary Wages: \$2,000** – This account provides expenditures for the compensation paid for temporary secretarial/clerical help for those occasions when the Executive Assistant is absent or for additional hours worked when workloads are unusually heavy.

**505.00 Payroll Taxes: \$18,070** This account provides expenditures for employer contributions to Social Security and Medicare and other similar payroll taxes.

**506.00 Pension: \$52,450** – This account provides expenditures for employer contributions to retirement plans.

**507.00 Health and Life Insurance: \$55,530** – This account provides expenditures for employer contributions to employee health and life insurance plans.

**507.30 Workers Compensation: \$620** – This account provides expenditures for employer contributions to workers compensation.

**508.00 Other Benefits: \$3,990** – This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.

**510.01 Office Supplies: \$750** – This account provides expenditures for expendable office supply items.

**515.01 Vehicle Maintenance Materials: \$300** – This account provides expenditures for the cost associated with the materials to maintain the General Manager's vehicle.

**520.02 Postage: \$100** – This account provides expenditures for the cost for postal related services such as postage and mailing materials.

**525.04 Motor Vehicle Fuel & Lubricants: \$625** – This account provides expenditures for the purchase of gasoline and other lubricants used for the operations of the General Manager's vehicle.

**530.02 Periodicals: \$165** - This account provides expenditures for the cost of newspapers, magazines, and trade journals.

**535.02 Business and Meal Expenses: \$1,000** - This account provides expenditures for general expenses incurred by the General Manager's staff during the course of the year.

**600.01 Travel-Business: \$8,200** – This account provides expenditures for the cost associated with business travel by the General Manager and office staff to attend conferences, legislative meetings, and other business requiring travel.

**615.02 Assn. Membership Fees & Dues: \$1,825** – This account provides expenditures for the cost of membership in the International City/County Management Association and the Alaska Municipal League.

**630.02 Vehicle Licenses: \$50** – This account provides expenditures for licensing City vehicles for operations on public highways.

**635.07 Machinery & Equipment Maintenance Services: \$1,000** – This account provides expenditures for routine and non-routine maintenance associated with equipment located in the 3<sup>rd</sup> and 4<sup>th</sup> floor copier rooms and KPU's share of the City and KPU's anticipated website maintenance.

**635.12 Technical Services: \$100** – This account provides expenditures for the cost of framing government awards and certificates.

**640.04 Management and Consulting Services: \$20,000** – This account provides expenditures for services for management and consulting services associated with developing a strategic plan for Ketchikan Public Utilities.

**650.01 Telecommunications: \$2,000** – This account provides expenditures for monthly wired and wireless charges, long-distance services, long-distance facsimile transmission, line rentals and maintenance of the phone system as well as the iPad 4G Network for the General Manager's Office.

**790.26 Minor Computers, Printers & Copiers: \$3,300** – This account provides for half of the purchase costs for a new laptop, a new desktop computer, one monitor and a UPS backup batteries for manager's office per the replacement schedule developed by the Information Technology Department.

**825.01 Interdepartmental Charges-Insurance: \$7,230** – This account provides expenditures for the cost of risk management services.

CITY OF KETCHIKAN  
 2024 Operating and Capital Budget  
 General Manager

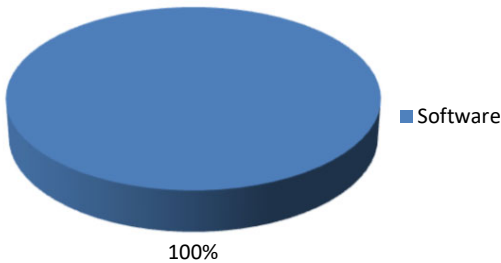
Capital Budget

Major Capital Outlay	2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
735-00 Software	-	20,000	20,000	15,000	20,000	-	0.0%
Total Major Capital Outlay	-	20,000	20,000	15,000	20,000	-	0.0%

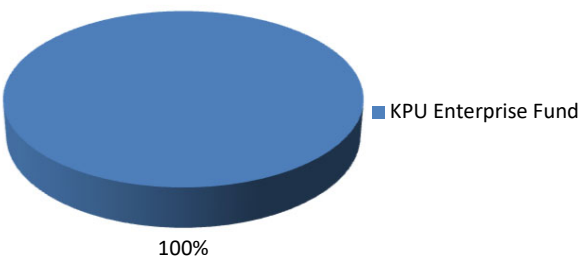
Capital Improvement Projects				Funding Sources	
Project #	Project			KPU Enterprise Fund	Total

735-00 Software					
	Financial & Accounting Info System Implementation			20,000	20,000
	Total Software			20,000	-
					-
	Total Capital Budget			20,000	-
					-
					20,000

Expenditures by Type

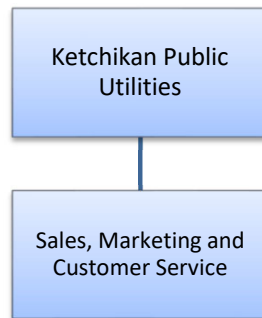


Expenditures by Funding Source



**KETCHIKAN PUBLIC UTILITIES****2024 Operating and Capital Budget****Sales, Marketing and Customer Service****Summary**

The Sales, Marketing and Customer Service Division is committed to providing quality and timely customer and billing services to the ratepayers of Ketchikan Public Utilities.



KPU Sales, Marketing and Customer Service is comprised of one operating division.

**DEPARTMENT EXECUTIVE SUMMARY**

Divisions/Cost Center/Programs	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operations	2,838,086	3,322,910	3,322,910	3,088,594	3,574,527	251,617	7.6%
Capital Improvement Program	-	65,635	65,635	60,000	-	(65,635)	New
<b>Total</b>	<b>2,838,086</b>	<b>3,388,545</b>	<b>3,388,545</b>	<b>3,148,594</b>	<b>3,574,527</b>	<b>185,982</b>	<b>5.5%</b>

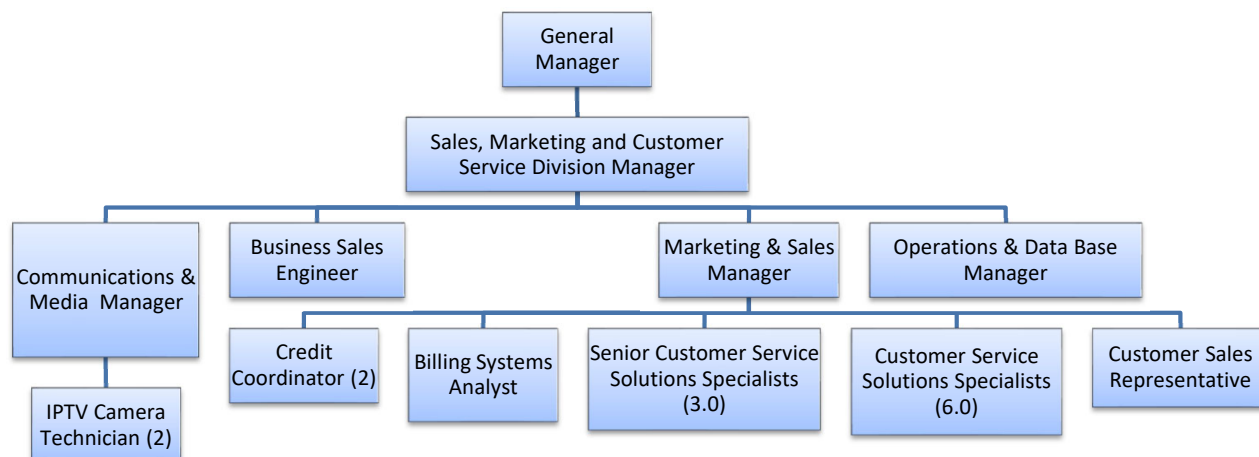
Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	1,957,962	2,333,540	2,333,540	2,086,115	2,527,980	194,440	8.3%
Supplies	103,092	109,050	109,050	108,650	111,050	2,000	1.8%
Contract/Purchased Services	716,095	794,020	794,020	814,719	854,877	60,857	7.7%
Minor Capital Outlay	25,756	43,700	43,700	42,700	36,500	(7,200)	-16.5%
Interdepartmental Charges-Insurance	35,181	42,600	42,600	36,410	44,120	1,520	3.6%
Major Capital Outlay	-	65,635	65,635	60,000	-	(65,635)	New
<b>Total</b>	<b>2,838,086</b>	<b>3,388,545</b>	<b>3,388,545</b>	<b>3,148,594</b>	<b>3,574,527</b>	<b>185,982</b>	<b>5.5%</b>

Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	2,838,086	3,388,545	3,388,545	3,148,594	3,574,527	185,982	5.5%
<b>Total</b>	<b>2,838,086</b>	<b>3,388,545</b>	<b>3,388,545</b>	<b>3,148,594</b>	<b>3,574,527</b>	<b>185,982</b>	<b>5.5%</b>

Full-time Equivalent Personnel	2022	2023 Budget		2024		2023 Adopted/2024	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
Operations	19.00	20.00	20.00	20.00	1,480,070	-	0.0%
<b>Total</b>	<b>19.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>1,480,070</b>	<b>-</b>	<b>0.0%</b>

**MISSION STATEMENT**

The Sales, Marketing and Customer Service Division is responsible for marketing and selling telecommunications services and products, as well as serving and meeting the needs of all utility customers.



**GOALS FOR 2024**

- Achieve continued growth in residential and business internet, as well as business product categories within the Telecommunications Division. KPU's dedicated fiber optic cable and Gig speeds will allow KPU to continue to upgrade existing customers and to aggressively pursue customers who are not with KPU.
- Focus on KPU's unique strengths in advertising: local support/management, superior customer service, exclusive fiber optic symmetric unlimited Internet, hosted/managed business services, superior fiber to the home network. Continue to increase web and digital advertising, including adding TikTok selectively, and adding Yukon TV.
- Design new campaign to sell residential managed WIFI which will benefit the customer by letting them know when devices need upgrades and which will allow them to manage their own internet connected devices.
- Continue weekly updates advertising KPU's exclusive local video content on social media and in print.
- Continue to highlight KPU's strong and successful business offerings by emphasizing professional business techs and specialized products in media and on the website. Market new features, such as hosted/managed cameras, WIFI, mobile IP, WebEx for Broadworks, and other hosted products to new and existing Hosted IP customers and businesses.
- Continue to update KPU website to most current Google SEO requirements and keep Google AdWords current.
- Monetize KPUtv video through online website/pay-wall for non-KPU customers and develop streaming app.
- Complete conversion of credit card processor to Paymentus to save money while offering other automated payment options for customers.
- Continue enhancement of local TV content by producing smaller pieces rather than larger pieces to match current viewing habits of customers; develop Elder Oral Histories, historical pieces, Native culture, Filipino culture, produce more local business highlights to

- help promote KPU business customers, and new industries.
- Continue to freshen local video content by rotating hosts and by reworking production of annual events so that the events appear different year-to-year.
- Continue to utilize social media as a key marketing product to build KPU's local presence. Use social media to not only sell but to promote local organizations, and businesses, educate the public on technology and current scams. Tie sales efforts to the website and Internet click through advertising as a unified digital marketing presence.
- Sustain sales culture in Customer Solutions Staff(Sales) by preserving weekly "team huddle" meetings to review successes/misses in addition to current call coaching. Utilize employee rewards such as personal notes and recognition in addition to sales incentives to keep staff motivated.
- Continue to utilize yearly on-site customer service and sales training, combining sales and tech department to ensure superior customer service, and to make sure goals align with KPU and City culture.
- Utilize Recruitment Solutions consultants to ensure staff is equipped with appropriate sales skills prior to hire/post hire.
- Continue to identify process improvements in the New World electrical billing system to streamline work to allow CSRs to focus on Telecommunications sales.
- Promote staff development by determining individual goals and providing opportunities for additional training and education. This will contribute to staff retention by the City and KPU. Also continue to cross-train staff on key responsibilities, such as porting, adjustments, billing, so that illnesses and staff losses do not disrupt operations.

#### **ACCOMPLISHMENTS FOR 2023**

- In the last year, the division has achieved growth in the following categories; +3% in Internet sales, +13% in customers opting for unlimited data. Standalone internet contributed to the retention and growth in internet by no longer requiring a phone line. KPU Customer Service successfully worked to upgrade customers to the higher speed plans which give customers a better internet experience without buffering. As a result 67% of of KPU customers now subscribe the the faster speeds.
- Achieved a 36% growth in Hosted Business systems managed WIFI, managed firewall, managed security camera, and managed data center sales in an already strong market. Despite the tight economy, VOIP phone systems increased by 6%. KPU's hosted products are powerful, cutting edge systems that can be deployed in very small to extraordinarily large businesses. Selling hosted products is a key strategic initiative, ensuring long-term retention of KPU's critical business customers.
- The Business Sales Engineer continued to sign long-term agreements with strategic business customers as well as small business owners. Combined with the division's Hosted IP, dedicated business staff and business service offerings, this has helped to preserve KPU's strong business line presence at more than 85% of the business market.
- The Business Sales Engineer successfully negotiated the winback from GCI of several key local enterprise businesses including hotels. Contracts were signed for internet, phone service and hosted services. Reasons for these winbacks were KPU's stable internet, suite of hosted products, dedicated local business techs and strong customer service.
- Completed set-up of the Business Communications Center in the mall location so that the business sales staff and the Business Sales Engineer could demonstrate wireless APs, phones, cameras, and other products. This has led to increased sales of managed business products.
- KPU Marketing completed the application for KPU to be accepted into the Smart Rural Community association. The application was successful and in June KPU became one of only 229 communities in the USA to be designated Smart Rural Community. This designation states that the "internet company provides high speed, reliable and sustainable connectivity to allow their community to thrive an online worked, where distance work telemedicine, distance learning continue to grow." The designation means that there is equal opportunity for education, resources, entrepreneurship for those who live the SRC communities as those who live in big cities. As part of rural Alaska, KPU was also given the status of Smart Tribal Community since Ketchikan is on historical Native Alaskan Land.

- The KPUTv crew successfully passed the FAA drone certification exam to obtain pilot licensing for its drone. This allows KPU to again film in allowed areas.
- KPUTV was awarded two first place awards for its video production from Alliance for Community Media/Hometown Media awards for 2022. They are reviewed and awarded in 2023. One was for best public health programming. KPU also received first place for best community event programming for its coverage of Blueberry Festival. These awards are selected from over a thousand entries, and are presented to programs that best address community needs. 2023 marks the twelfth year in which KPU has been recognized for its outstanding local TV shows and documentaries by national organizations.
- KPUTv staff negotiated to find sponsors for many of the game weekends for Kayhi sports. These funds were paid to the school district so that outdated film technology could be replaced. Local businesses and residents who sponsored were featured in live-streaming graphics so that the public was aware of their contributions. This raised over \$5,000 for the school tech fund.
- KPU's marketing staff continued to perform work for other City departments. Marketing and KPUTV staff designed and coordinated social media images, social media videos, direct mail postcards, and radio PSAs for Wastewater and Electric Safety issues. KPU Marketing regularly posts NOAA updates, Public Works construction updates, and Port and Harbor updates, auction updates, and creates and posts City job opening announcements.
- KPU Customer Service and Marketing began work on the KPU Yellow Page Directory in February. The Directory had not been published since the pandemic. The re-launch involved notifying the public, identifying businesses that had closed, changed, moved, as well as new businesses. The format was redesigned to save expense, which had increased significantly. The directory was received in home and in business in August.
- The Division Manager Kim Simpson was reappointed to the national NTCA Marketing Board for rural telecommunication companies. She was also appointed to an additional committee, the NTCA Awards Committee, and was selected to be on the planning committee for the National Marketing Conference. Ketchikan will be the location of the Fall Marketing on-site committee meeting in August 2024, which KPU will host.
- KPU Marketing developed a back to school internet promotion that allows customers to upgrade their internet or get new service for free for two months, and at the same time, a contribution would be given to the school of their choice for activities.
- KPU Marketing expanded its digital internet advertising that began in 2022 to include three new 30 second commercials featuring well known locals talking about KPU's symmetric internet and why most local businesses choose KPU. The spots also feature iconic images of Ketchikan. The older symmetric matters video remains in the rotation.
- Sales and Marketing developed and launched an all-new KPU Telecommunications website, [www.kputel.com](http://www.kputel.com), which is designed for mobile viewing, and adjusts for desktop. The images are all local residents and actual KPU staff, vs. stock images, and there is an integrated bandwidth selector. The amount of verbiage was reduced, and the site was split between residential and business products. There is a link to watch KPUTv video, and watch KPUTv livestream. Marketing staff also regularly edits the Electric, Water, Wastewater and Solid Waste Department portions of the City website, since those departments do not have the staff to do so. A recent addition was the schedule of holiday trash pickup on the solid waste department site, since that is a common question from the public.
- KPU Marketing continues to update in-office on-screen advertising in the Mall to show KPU products, promotions and video. The images change using slides every 20-40 seconds and now include weather forecasts, and cruise schedules. The ads are changed via a cloud based connection and are updated real-time.
- KPU Marketing continued with their popular Tech Tips for Seniors event at the Library. At this event, seniors are educated on streaming, cloud services, brought up to date on current phone/text/email scams and are provided assistance on technical issues they might have. Recent events included AI introduction and how to do a reverse image search. The attendance varied from 12 to 27 seniors at the library each time, but seniors have also stopped into the mall location for technical assistance, which the marketing staff will provide to them.

## KETCHIKAN PUBLIC UTILITIES

### 2024 Operating and Capital Budget

#### Sales, Marketing and Customer Service

Operations 5110

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- The KPU Marketing & KPUTV staff planned and managed the Holiday tree lighting events for the community including acquiring the lights, crafts, treats, visit with Santa, music and a visit from the Grinch. The Marketing staff are spearheading the event again for the 2023 holiday season. Marketing and KPUTV also produced the Chamber of Commerce Gala video for that important event, and coordinated the City Holiday staff party.
- The KPU Sales, Marketing and Customer Service Division once again received an A++ Certification and trophy for highest level security, accuracy, compliance and top level practices from CommSoft for the way KPU manages its ordering, billing and provisioning processes. This was a national award and was a great honor for all of KPU.
- KPU Sales and Marketing in February, celebrated the retirement of Credit Coordinator Debbie Cowan, the longest serving City employee, with 44 years of active service with a special event. She received a special pin, a watch, and enjoyed a catered lunch with current and retired City and KPU employees. Two current senior Customer Solutions Specialists were promoted to take Debbie's place as Credit and Collections Specialists. KPU Sales, Marketing & Customer Service Division's ability to hire and train quality individuals allows senior positions to be filled by internal candidates. Currently there are 11 employees throughout the City/KPU who began employment in Customer Service.
- Meta-Facebook/Instagram is a key tool for communicating with customers regarding KPU's image, products, 'presence' and approachability. Staff maintains four specific Facebook pages and one Instagram page: KPUTV: KPUTV's local TV programming and events, Business Highlights; KPU Telecommunications: Promotes/advertises KPU Telecommunications services, educates, entertains and informs the public on technology, scams, and articles of interest; KPU Electric: To promote energy conservation, share energy news, alert the public of outages, and create an 'approachable' image; City of Ketchikan: To inform the public of local news, public service announcements and happenings in and around the City and hosting live-streaming events for City Council meetings and other public informational meetings; KPUTV Instagram: To highlight projects that KPUTV is working on, and events in the community. Facebook allows staff to immediately reply to customers, assist with technical questions, post public information, address service issues and introduce/sell products. The regular use of this media has led to increased sales of services, winbacks from the competitors and has saved many potential lost customers. Marketing staff monitor and respond to citizens/customers 7 days per week.



**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Sales, Marketing and Customer Service**

**Operations 5110**

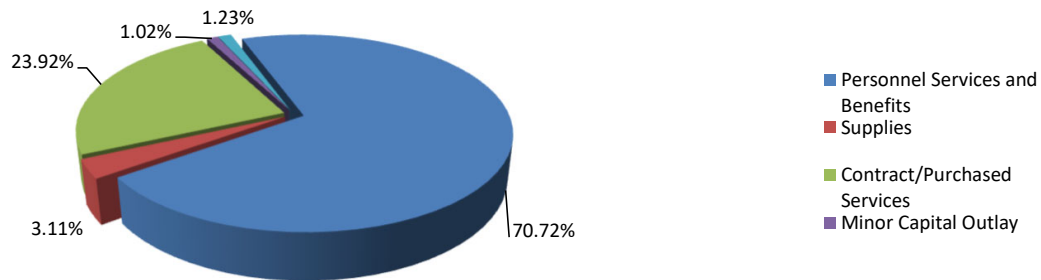
**DIVISION SUMMARY**

Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	1,957,962	2,333,540	2,333,540	2,086,115	2,527,980	194,440	8.3%
Supplies	103,092	109,050	109,050	108,650	111,050	2,000	1.8%
Contract/Purchased Services	716,095	794,020	794,020	814,719	854,877	60,857	7.7%
Minor Capital Outlay	25,756	43,700	43,700	42,700	36,500	(7,200)	-16.5%
Interdepartmental Charges	35,181	42,600	42,600	36,410	44,120	1,520	3.6%
<b>Total Expenditures</b>	<b>2,838,086</b>	<b>3,322,910</b>	<b>3,322,910</b>	<b>3,088,594</b>	<b>3,574,527</b>	<b>251,617</b>	<b>7.6%</b>

Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	2,838,086	3,322,910	3,322,910	3,088,594	3,574,527	251,617	7.6%
<b>Total Funding</b>	<b>2,838,086</b>	<b>3,322,910</b>	<b>3,322,910</b>	<b>3,088,594</b>	<b>3,574,527</b>	<b>251,617</b>	<b>7.6%</b>

Full-time Equivalent Personnel	2022	2023 Budget		2024		2023 Adopted/2024	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
SM & CS Manager	1.00	1.00	1.00	1.00	145,830	-	0.0%
Business Sales Engineer	1.00	1.00	1.00	1.00	87,616	-	0.0%
Marketing & Sales Manager	1.00	1.00	1.00	1.00	87,649	-	0.0%
Local Content, Social Media & PR Manager	1.00	1.00	1.00	1.00	87,649	-	0.0%
Database Manager	1.00	1.00	1.00	1.00	77,834	-	0.0%
IPTV Camera Technician	1.00	2.00	2.00	2.00	136,785	-	0.0%
Credit Coordinator	1.00	1.00	1.00	2.00	152,887	1.00	100.0%
Billing System Analyst	1.00	1.00	1.00	1.00	81,445	-	0.0%
Senior Customer Solutions Specialist	4.00	4.00	4.00	3.00	208,839	(1.00)	-25.0%
Customer Solutions Specialist	6.00	6.00	6.00	6.00	360,760	-	0.0%
Customer Sales Rep I	1.00	1.00	1.00	1.00	52,776	-	0.0%
<b>Total</b>	<b>19.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>1,480,070</b>	<b>-</b>	<b>0.0%</b>

**2024 Expenditures by Type**



**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Sales, Marketing and Customer Service**

**Operations 5110**

**OPERATING BUDGET CHANGES FOR 2024**

Changes between the adopted operating budget for 2023 and the proposed operating budget for 2024 that are greater than 5% and \$5,000 are discussed below.

- Personnel Services and Benefits increased by \$194,440, or by 8.3%, as a result of the KPU IBEW Collective Bargaining Agreement and 4% cost of living adjustment for non-represented employees that will become effective January 1, 2024; and projected increases in pension, health insurance and other benefits costs, and annual step increases.
- Marketing (Account 605.02) increased by \$22,000, or by 13.8%, due to need for information campaign for Paymentus, addition of expanded web and digital advertising.
- Telecommunications (Account 650.01) increased by \$11,396, or by 27.8%, primarily due to the increase in the connectivity of Customer Service to City Hall to a gig connection.

**DIVISION OPERATING BUDGET DETAIL**

Operating Expenditures	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
<b>Personnel Services and Benefits</b>							
500 .01 Regular Salaries and Wages	1,125,778	1,356,960	1,356,960	1,197,300	1,480,070	123,110	9.1%
500 .05 Longevity Pay	-	-	-	5,625	5,950	5,950	new
501 .01 Overtime Wages	33,537	31,500	31,500	35,190	36,000	4,500	14.3%
502 .01 Temporary Wages	23,023	10,000	10,000	7,290	22,000	12,000	120.0%
505 .00 Payroll Taxes	91,155	106,990	106,990	95,565	118,120	11,130	10.4%
506 .00 Pension	222,525	274,920	274,920	241,375	294,317	19,397	7.1%
507 .00 Health and Life Insurance	413,541	490,530	490,530	441,500	514,260	23,730	4.8%
507 .30 Workers Compensation	2,908	3,750	3,750	3,380	3,970	220	5.9%
508 .00 Other Benefits	17,651	30,890	30,890	30,890	25,293	(5,597)	-18.1%
509 .09 Incentive Pay	27,844	27,500	27,500	27,500	27,500	-	0.0%
509 .12 Allowances-Vehicles	-	500	500	500	500	-	0.0%
<b>Personnel Services and Benefits</b>	<b>1,957,962</b>	<b>2,333,540</b>	<b>2,333,540</b>	<b>2,086,115</b>	<b>2,527,980</b>	<b>194,440</b>	<b>8.3%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Sales, Marketing and Customer Service**

**Operations 5110**

Operating Expenditures		2022	2023 Budget			2024	2023 Adopted/2024	
		Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
<b>Supplies</b>								
510	.01 Office Supplies	17,438	19,000	19,000	19,000	19,000	-	0.0%
510	.02 Operating Supplies	10,711	9,000	9,000	9,000	9,000	-	0.0%
510	.03 Safety Program Supplies	368	200	200	-	200	-	0.0%
510	.04 Janitorial Supplies	1,273	2,500	2,500	2,500	2,500	-	0.0%
510	07 Food & Catering	925	1,500	1,500	1,500	3,500	2,000	133.3%
515	.01 Vehicle Maintenance Materials	258	1,000	1,000	800	1,000	-	0.0%
515	.02 Bldg and Grounds Maintenance	51	-	-	-	-	-	NA
520	.02 Postage	3,992	3,900	3,900	3,900	3,900	-	0.0%
520	.03 Bulk Mailing	65,712	67,000	67,000	67,000	67,000	-	0.0%
520	.04 Materials & Supplies	-	-	-	-	-	-	NA
525	.04 Vehicle Motor Fuel & Lubricants	502	650	650	650	650	-	0.0%
530	.02 Periodicals	167	200	200	200	200	-	0.0%
535	.02 Allowances-Business and Meal Expense	804	1,100	1,100	1,100	1,100	-	0.0%
535	.04 Allowances-Uniforms/Clothing/Badges	891	3,000	3,000	3,000	3,000	-	0.0%
	<b>Supplies</b>	<b>103,092</b>	<b>109,050</b>	<b>109,050</b>	<b>108,650</b>	<b>111,050</b>	<b>2,000</b>	<b>1.8%</b>
<b>Contract/Purchased Services</b>								
600	.01 Travel-Business	12,292	11,000	11,000	12,800	12,930	1,930	17.5%
600	.02 Travel-Training	-	4,000	4,000	4,000	6,020	2,020	50.5%
600	.03 Travel-Training and Education	9,230	14,200	14,200	12,900	18,188	3,988	28.1%
605	.01 Ads & Public Announcements	2,410	1,800	1,800	1,200	1,800	-	0.0%
605	.02 Marketing	101,482	160,000	160,000	175,144	182,000	22,000	13.8%
605	.03 Printing and Binding	21,270	15,000	15,000	10,000	15,000	-	0.0%
610	.01 Community Promotion	4,101	6,000	6,000	4,000	9,000	3,000	50.0%
615	.02 Assn. Membership Dues & Fees	400	1,200	1,200	1,200	1,200	-	0.0%
630	.02 Vehicle Licenses	20	60	60	60	60	-	0.0%
630	.03 Bank and Merchant Charges	228,239	230,000	230,000	240,000	230,000	-	0.0%
630	.04 Broadcast Content Fees	2,695	2,600	2,600	3,470	3,600	1,000	38.5%
635	.02 Janitorial & Cleaning Services	5,335	8,000	8,000	8,400	12,400	4,400	55.0%
635	.04 Software & Equip Maint Services	119	-	-	-	-	-	NA
635	.06 Building and Grounds Maint Services	1,857	2,400	2,400	2,400	2,400	-	0.0%
635	.07 Machinery & Equipment Maint Services	3,391	3,000	3,000	3,000	3,000	-	0.0%
635	.12 Technical Services	33,014	39,260	39,260	39,260	43,183	3,923	10.0%
635	.14 Other Contractual Services	9,104	6,000	6,000	6,000	6,000	-	0.0%
640	.04 Management & Consulting Services	125,918	131,000	131,000	131,000	135,000	4,000	3.1%
645	.01 Rents and Leases-Land & Buildings	107,791	110,000	110,000	110,000	113,000	3,000	2.7%
645	.02 Rents and Leases-Machinery & Equip	-	-	-	-	-	-	NA
650	.01 Telecommunications	40,778	41,000	41,000	42,385	52,396	11,396	27.8%
650	.02 Electric, Water, Sewer & Solid Waste	6,649	7,500	7,500	7,500	7,700	200	2.7%
	<b>Contract/Purchased Services</b>	<b>716,095</b>	<b>794,020</b>	<b>794,020</b>	<b>814,719</b>	<b>854,877</b>	<b>60,857</b>	<b>7.7%</b>
<b>Minor Capital Outlay</b>								
790	.15 Furniture and Fixtures	338	1,500	1,500	1,500	2,000	500	33.3%
790	.25 Machinery & Equipment	8,869	17,200	17,200	13,200	12,000	(5,200)	-30.2%
790	.26 Computers, Printers & Copiers	14,194	22,500	22,500	27,500	22,000	(500)	-2.2%
790	.35 Software	2,355	2,500	2,500	500	500	(2,000)	-80.0%
	<b>Minor Capital Outlay</b>	<b>25,756</b>	<b>43,700</b>	<b>43,700</b>	<b>42,700</b>	<b>36,500</b>	<b>(7,200)</b>	<b>-16.5%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Sales, Marketing and Customer Service**

**Operations 5110**

Operating Expenditures	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
<b>Interdepartmental Charges</b>							
825 .01 Interdepartmental Charges-Insurance	35,181	42,600	42,600	36,410	44,120	1,520	3.6%
<b>Interdepartmental Charges</b>	<b>35,181</b>	<b>42,600</b>	<b>42,600</b>	<b>36,410</b>	<b>44,120</b>	<b>1,520</b>	<b>3.6%</b>
<b>Total Expenditures by Type</b>	<b>2,838,086</b>	<b>3,322,910</b>	<b>3,322,910</b>	<b>3,088,594</b>	<b>3,574,527</b>	<b>251,617</b>	<b>7.6%</b>

**NARRATIVE**

**500.01 Regular Salaries and Wages: \$1,480,070** – This account provides expenditures for compensation paid to all regular salaried and hourly employees of the Sales, Marketing and Customer Service Division.

**500.05 Longevity Pay: \$5,950** – Employees may be awarded a bonus upon their anniversary to recognize employees who have remained with the City and KPU for at least 15 years.

**501.01 Overtime Wages: \$36,000** - This account provides expenditures for compensation paid to all hourly employees for hours worked in excess of a regular working cycle or beyond the hours listed in the bargaining agreement. Includes after hours filming, and regularly scheduled overtime due to mall hours, and Saturday hours worked by employees whose hire dates predated 2009.

**502.01 Temporary Wages: \$22,000** – This account provides expenditures for the compensation paid to temporary, part-time camera operators for the filming of televised events when more than one camera is required or for when events to be filmed are scheduled to occur simultaneously and for assisting with filming and projection for special projects. For 2024 this includes a summer intern in the video production department.

**505.00 Payroll Taxes: \$118,120** – This account provides expenditures for employer contributions for Social Security and Medicare and other similar payroll related taxes.

**506.00 Pension: \$294,317** – This account provides expenditures for employer contributions to retirement plans.

**507.00 Health and Life Insurance: \$514,260** – This account provides expenditures for employer contributions to employee health and life insurance plans.

**507.30 Workers Compensation: \$3,970** – This account provides expenditures for employer contributions to workers compensation.

**508.00 Other Benefits: \$25,293** – This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.

**509.09 Allowances - Incentive Pay: \$27,500** - This account provides expenditures for employee incentive and suggestion programs. Specifically this refers to the Upgrade Sales Incentive Program for CSR I, CSS & Senior CSS for add-on sales. Outside Plant Technicians and Customer Support Specialists are also eligible for the program.

**509.12 Allowances – Vehicles: \$500** – This account provides expenditures for an allowance for employees use of personal vehicles while on official KPU business. These benefits are taxable to employees. This was new for 2015 to allow for the retirement of two SM &CS vehicles that were inoperable. Rather than incur expense for replacement cars, employees can be reimbursed for use of a personal vehicle for KPU business.

**510.01 Office Supplies: \$19,000** - This account provides expenditures for paper, pens, pencils, adding machine ribbons and tape, note pads, file folders, scotch tape, toner, ink cartridges, photocopy charges for leased copiers, small desk accessories and minor office equipment such as adding machines, staplers, tape dispensers, scanners and paper shredders. New printer ink is a significant expense.

**510.02 Operating Supplies: \$9,000** - This account provides expenditures for supplies that are normally not of a maintenance nature and are required to support division operations. Included are supplies such as credit forms, letterhead, envelopes, adjustment forms, deposit slips, books, ink stamps, brochures, postage machinery, DVDs, terabytes, water, supplies for Celeb Chef, Outdoor

## KETCHIKAN PUBLIC UTILITIES

### 2024 Operating and Capital Budget

#### Sales, Marketing and Customer Service

#### Operations 5110

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Challenge, and other special programs, employee awards and recognition pins, and masks.

**510.03 Safety Program Supplies: \$200** - This account provides expenditures for the City safety program. Included are safety information brochures and safety training audio and video programs.

**510.04 Janitorial Supplies: \$2,500** – This account provides expenditures for cleaning and sanitation supplies used by in-house and contracted janitors. This also includes additional sanitizing spray and wipes, gloves.

**510.07 Food & Catering : \$3,500** – This account provides for the room fee and catering for the upcoming NTCA Board meeting, as well as expenses for employee recognition events, and retirement.

**515.01 Vehicle Maintenance Materials: \$1,000** - This account provides expenditures for the repair and maintenance of the vehicles used by the Sales, Marketing & Customer Service Division, which includes one SUV and a filming flatbed truck.

**520.02 Postage: \$3,900** - This account provides expenditures for postal related services such as incidental postage, mailing materials, US Postal Service permits and postage machine refill.

**520.03 Bulk Mailing: \$67,000** - This account provides expenditures for bulk mailing of monthly bills and invoices for City and KPU services, brochures, mass public notices and other similar types of mailings.

**525.04 Vehicle Motor Fuel and Lubricants: \$650** - This account provides expenditures for gasoline and lubricants used in the operations of Sales, Marketing and Customer Service Division vehicles.

**530.02 Periodicals: \$200** - This account provides expenditures for newspapers, magazines and trade journals. Specifically, this accounts for the Ketchikan Daily News subscription.

**535.02 Business and Meals Expense: \$1,100** – This provides expenditures for meal expenses incurred with vendors, at trade shows, recruitment meal expenses and employee award/recognition cakes, etc. It also provides for Chamber of Commerce monthly lunch tickets.

**535.04 Allowances-Uniforms/Clothing/Badges: \$3,000** - This account provides expenditures for direct purchases of or reimbursements to employees for work related clothing required by department policies. Included are nameplates, name badges, KPU logowear for staff. Also includes logo embroidery for other items such as hats, aprons, etc.

**600.01 Travel - Business: \$12,930**– This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for business, trade and board meetings.

**600.02 Travel - Training: \$6,020** – This account provides expenditures for transportation, lodging, meals, per diems, and other incidental expenses associated with travel for CommSoft, and FAA Certification for drone.

**600.03 Training and Education: \$18,188** – This account provides expenditures for registration fees, training fees, and training materials associated with training and educating employees and on-premises training programs provided by staff or a third-parties, such as Measure-X or Pivot. This also includes online sequel and AS400 and Digital Training.

**605.01 Ads and Public Announcements: \$1,800** - This account provides expenditures for advertising and announcements in publications, newspapers, trade journals and the Internet for recruitment.

**605.02 Marketing and Advertising: \$182,000** - This account provides expenditures for advertising, image building and promotion in publications, web, newspapers, Internet, radio and TV broadcasts, streaming and social media. Included are promotional KPU logo products. Production and design costs for the creation of ad and marketing materials are also included in this account.

**605.03 Printing and Binding: \$15,000** – This account provides expenditures for printing and binding services. Included are designing and printing of forms, posters, flyers, user manuals and channel guides for distribution in the Sales, Marketing and Customer Service Division.

**610.01 Community Promotion: \$9,000** – This account provides expenditures for the promotion of community activities and programs. Included are donations to civic organizations, sport teams and hosting or sponsoring community events.

**615.02 Assn. Membership Dues & Fees: \$1,200** – This account provides expenditures for memberships in professional and trade associations, such as National Association of Telecommunications Officers and Advisors, Alliance for Community Media, Progressive Business Publications and Rotary.

**630.02 Vehicle License: \$60** – This account provides expenditures for license fees for KPU vehicles.

**630.03 Bank and Merchant Charges: \$230,000** – This account provides expenditures for monthly bank account service charges, merchant fees paid to banks for customer use of credit and debit cards and other fees for banking services.

**630.04 Broadcast Content Fee: \$3,600** – This account provides expenditures for license fees for use of music databases and covers the use of copyrighted music. Included in this account is StoryBlox, BMI, Megatrax and other sources.

**635.02 Janitorial and Cleaning Services: \$12,400** - This account provides expenditures for services to clean facilities owned or leased by the Sales, Marketing and Customer Service Division. Included are janitorial and carpet cleaning services.

**635.06 Building and Ground Maintenance Services \$2,400** - This account provides expenditures for pest control spray.

**635.07 Machinery and Equipment Maintenance Services: \$3,000** - This account provides expenditures for contractual services for the repair and maintenance of office equipment, machinery and other operating equipment used by the Sales, Marketing and Customer Service Division. This account includes contract labor and materials required to provide the services, including maintenance service agreements with Neopost, SE Business Machines and Tongass Business Center.

**635.12 Technical Services: \$43,138** - This account provides expenditures for services that are not regarded as professional but require technical or special knowledge. Included are CBC Innovis (credit reporting), Weather Central (weather channel server maintenance), PIVOT Webhosting, PIVOT Google SEO, PIVOT Consulting, Computer HQ, Nixle Alert, social media archive storage, Google storage, Advanced Communications panic alarm, CASTUS Web services, Castus Roku App, and Channel Electric, Northern Credit, Google Enterprise, Microsoft 365 licensing.

**635.14 Other Contractual Services: \$6,000** - This account provides expenditures for contractual services for local TV content.

**640.04 Management and Consulting Services: \$135,000** - This account provides expenditures for management and consulting services. This refers to PIVOT Group Quality Assurance, Hiring Solutions, independent film editors and OSG Billing Services (bill print vendor). Increase is partially due to increase in rates for services from OSG (tracking, and message envelope print).

**645.01 Rents and Leases - Land and Buildings: \$113,000** - This account provides expenditures for the lease of retail, production and storage space at the Plaza Mall for the Sales, Marketing and Customer Service Division.

**650.01 Telecommunications: \$52,396** - This account provides expenditures for telecommunication services. Included are charges for wired and wireless telecommunications services, Internet, long distance and toll-free numbers, security cameras. Increase is due to upgrade to gig connectivity to City Hall.

**650.02 Electric, Water, Sewer & Solid Waste: \$7,700** - This account provides expenditures for electric, water, sewer and solid waste utility services.

**790.15 Furniture & Fixtures: \$2,000** - This account provides expenditures for acquisition of furniture and fixtures. This is specifically for shelving in storage.

**790.25 Machinery & Equipment: \$12,000** - This account provides expenditures for the acquisition, repair and replacement of filming equipment, as well as cell phones. This is specifically for replacementlights, remote cameras, batteries, storage memories, replacement microphones.

**KETCHIKAN PUBLIC UTILITIES**

***2024 Operating and Capital Budget***

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**790.26 Computers, Printers & Copiers: \$22,000** - This account provides expenditures for the acquisition of desktop, laptops, and computers, copiers and screens.

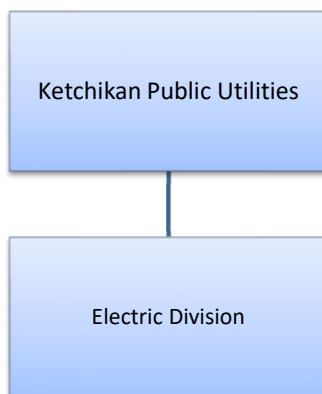
**790.35 Software: \$500** - This account provides expenditures for acquisition of software systems and upgrades not covered by maintenance agreements. This includes the annual fee for streaming software and editing software.

**825.01 Interdepartmental Charges-Insurance: \$44,120** - This account provides expenditures for the cost for risk management services.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Electric Division**

**Summary**

The Electric Division is one of three utilities operated by Ketchikan Public Utilities, a non-regulated public utility owned by the City of Ketchikan. The Electric Division operates three (3) hydroelectric projects and six (6) diesel generating units. The Electric Division serves a community of nearly 14,000 and is capable of meeting an annual customer demand for energy in excess of 180,000 MWh.



The Electric Division is comprised of one operating division and oversees one Capital Improvement Program.

DEPARTMENT EXECUTIVE SUMMARY							
Divisions/Cost Center/Programs	2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
Operations	18,055,884	21,740,540	21,767,840	19,651,480	22,433,884	693,344	3.2%
Capital Improvement Program	1,067,863	5,903,150	5,928,150	2,111,185	4,683,157	(1,219,993)	-20.7%
<b>Total</b>	<b>19,123,747</b>	<b>27,643,690</b>	<b>27,695,990</b>	<b>21,762,665</b>	<b>27,117,041</b>	<b>(526,649)</b>	<b>-1.9%</b>

Expenditures by Category	2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
Personnel Services and Benefits	5,946,295	8,247,165	8,247,165	6,584,455	8,579,131	331,966	4.0%
Supplies	8,522,558	8,453,500	8,456,000	8,294,600	8,439,700	(13,800)	-0.2%
Contract/Purchased Services	904,110	1,960,200	1,932,700	1,754,650	2,002,600	42,400	2.2%
Minor Capital Outlay	20,220	41,450	41,450	21,000	41,450	-	0.0%
Interdepartmental Charges	1,310,124	1,612,500	1,664,800	1,571,050	1,944,030	331,530	20.6%
Debt Service	970,584	1,043,725	1,043,725	1,043,725	1,044,973	1,248	0.1%
Payment in Lieu of Taxes	381,993	382,000	382,000	382,000	382,000	-	0.0%
Major Capital Outlay	1,067,863	5,903,150	5,928,150	2,111,185	4,683,157	(1,219,993)	-20.7%
<b>Total</b>	<b>19,123,747</b>	<b>27,643,690</b>	<b>27,695,990</b>	<b>21,762,665</b>	<b>27,117,041</b>	<b>(526,649)</b>	<b>-1.9%</b>

Funding Source	2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
KPU Enterprise Fund	19,123,747	27,643,690	27,695,990	21,762,665	27,117,041	(526,649)	-1.9%
<b>Total</b>	<b>19,123,747</b>	<b>27,643,690</b>	<b>27,695,990</b>	<b>21,762,665</b>	<b>27,117,041</b>	<b>(526,649)</b>	<b>-1.9%</b>

Full-time Equivalent Personnel	2022 Actual	2023 Budget		2024		2023 Adopted/2024	
		Adopted	Amended	Budget	Salary	Incr(Decr)	%
Operations	43.40	43.40	43.40	43.40	4,937,605	-	0.0%
<b>Total</b>	<b>43.40</b>	<b>43.40</b>	<b>43.40</b>	<b>43.40</b>	<b>4,937,605</b>	<b>-</b>	<b>0.0%</b>



**MISSION STATEMENT**

The mission of the Electric Division is to provide safe, reliable electric service to meet the current and growing needs of the community at the lowest practicable rates.

**2023 Electric Division Statistics**

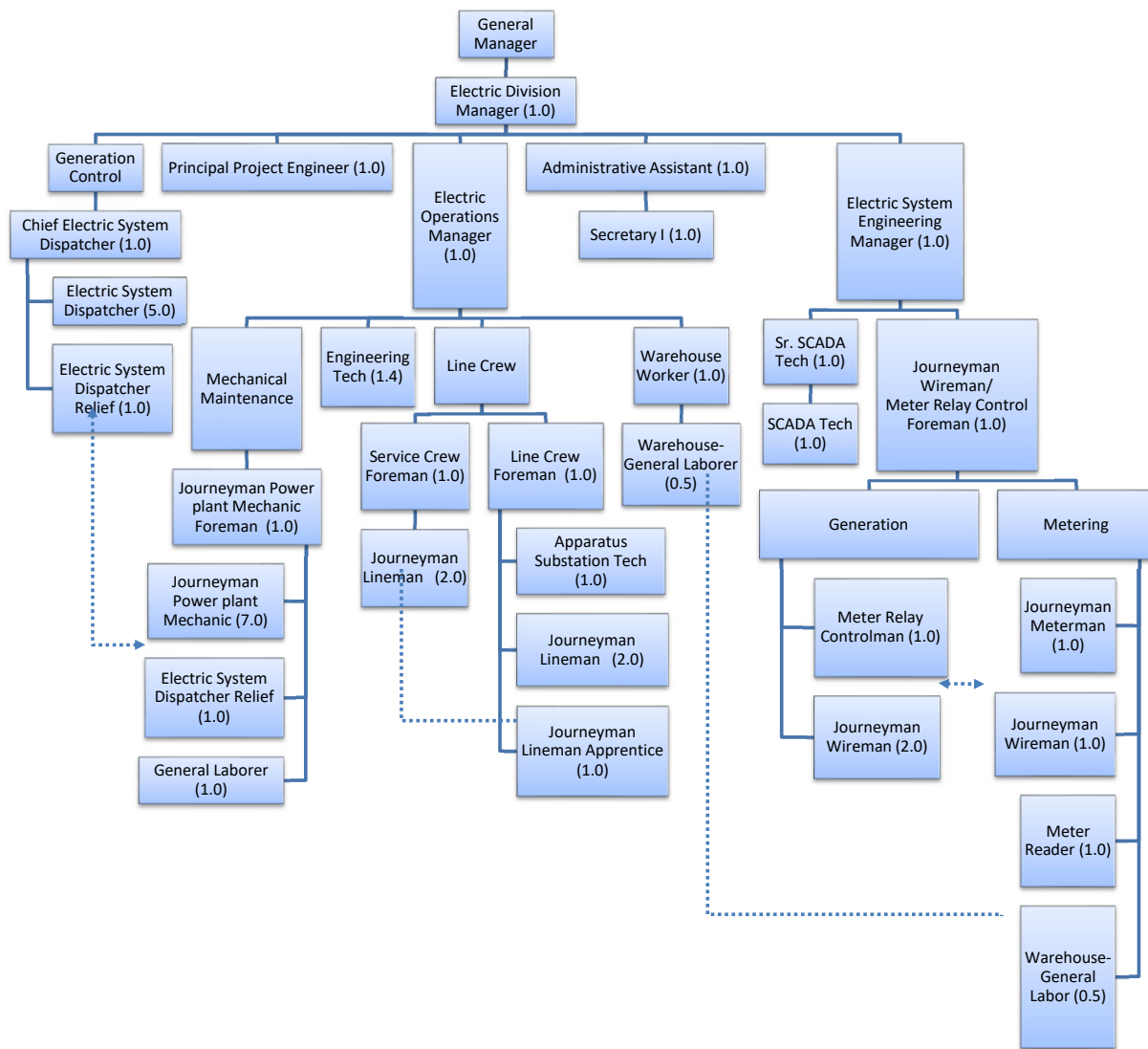
Metered Customer Base Count:	7,885	Substations/Switchyards:	12
Poles (less SEAPA owned):	4,022*	Fuses:	2,208*
Transformers:	1,963	Street Lights:	1,816*
Switches/Isolation	789*		

Distribution Line:	101.2 miles*	Secondary Radial Line:	126.0 miles*
Transmission Line:	29.4 miles*		
*Estimated			

Hydro Generators: 9 Units/3 Licensed Projects

Regulatory Compliance: FERC; EPA; DEC; USCG  
 OSHA; NESC; NEC

Diesel Generators: 6 Units



**GOALS FOR 2024**

- **Safety and Environmental:**
  - Review and revise as necessary division safety policies and practices;
  - Begin process for renewal of the Ketchikan Lakes Project FERC License;
  - Begin process for renewal of the Bailey Title V Permit;
  - Remain in compliance with all regulatory agency required policies; and
  - File application for renewal of the Beaver Falls Project FERC License.
- **Customer Service:**
  - Improve system reliability through expanded system sectionalizing;
  - Update public communications protocol for contacting Bailey Powerhouse;
  - Provide improved communications and informational resources on electric services to the public; and
  - Continue to notify the public with pertinent information regarding outages as quickly as practical.
- **Generation:**
  - Continue to work with Southeast Alaska Power Agency (SEAPA) staff and member communities to optimize resources;
  - Provide support in development of future generation projects;
  - Evaluate system efficiency upgrades and peaking capacity;
  - Update the preventative maintenance management system;
  - Expand the hydroelectric asset testing and evaluation program to improve system reliability; and
  - Evaluate equipment and facilities to develop a comprehensive long-term capital improvement program.
- **Transmission and Distribution Facilities:**
  - Continue replacement of aging overhead and underground equipment and apparatus;
  - Continue ongoing tree removal and pruning program;
  - Continue developing and implementation of sectionalizing capability to minimize outage impacts and ease cold load pick up; and
  - Continue with implementation of plans to replace the Ketchikan International Airport's submarine electrical cable.
- **Personnel:**
  - Recruit, hire and train as necessary the following unfilled positions vacated through retirements or vacancies: Field Operation & Engineering Manager (1.0), System Dispatcher (2.0), System Dispatcher - Relief (1.0), Journeyman Lineman (2.0), Journeyman Wireman/Electrician (1.0), Journeyman Power Plant Mechanic (3.0), and GIS Analyst (1.0);
  - Develop a utility succession plan and recruit for critical positions anticipated to be vacated in 2024 through retirements;
  - Reorganize the Electric Division to meet current and future utility needs; this reorganization would add personnel in facilities maintenance, vehicle maintenance, line crew, and engineering services; and
  - Develop a comprehensive training program for staff; training has been neglected for many years and developing a training plan is critical for the division.

**ACCOMPLISHMENTS FOR 2023**

KPU Electric continues maintaining essential generation and transmission services despite being short staffed and underfunded. Throughout the year, the division has operated at seventy-six percent (76%) of authorized FTE and functioned with an effective capacity of sixty-two percent (62%) or less of the authorized FTE due to staff unavailability, scheduled vacations, and sick leave. The division continues to lose knowledge through attrition and recruiting efforts have been very difficult.

KPU Electric has effectively worked with SEAPA to maintain efficient generation and water management. KPU Electric and system reservoirs have been maximized to ensure adequate generation throughout the year.

KPU Electric continued expansion of services in the community. KPU Electric staff have collectively pulled together to continue to provide solutions, working to provide electric service around the clock while under staffed.

Finally, KPU Electric is working to develop a strategic plan, comprehensive long-term Capital Improvement Plan (CIP), succession plan, utility training program, reorganize the division to meet current and future needs, and create new financial mechanisms to achieve a stable CIP and stable rates during system fluctuations.

Electric System Engineering Manager Jeremy Bynum was appointed to Electric Division Manager, effective April 18, 2023.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Electric Division**

**Operations 5200**

- **Safety and Environmental:**
  - Updated Dam Safety Program; and
  - Conducted an oil spill response with the USCG (table top SPCC drill).
- **Customer Service:**
  - Installed over 100 new electrical services; and
  - AMI/AMR implementation is above 75% implemented.
- **Generation:**
  - Year to date hydro make up 9\_% vs. 0\_% diesel
- **Transmission and Distribution Facilities:**
  - Hired electrical engineering firm to design pole line projects throughout KPU's system, primarily along North Tongass Highway
  - Replaced primary poles in Bear Valley
  - Replaced 35kV insulators between Beaver Falls and Mountain Point

**DIVISION SUMMARY**

Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	5,946,295	8,247,165	8,247,165	6,584,455	8,579,131	331,966	4.0%
Supplies	8,522,558	8,453,500	8,456,000	8,294,600	8,439,700	(13,800)	-0.2%
Contract/Purchased Services	904,110	1,960,200	1,932,700	1,754,650	2,002,600	42,400	2.2%
Minor Capital Outlay	20,220	41,450	41,450	21,000	41,450	-	0.0%
Interdepartmental Charges	1,310,124	1,612,500	1,664,800	1,571,050	1,944,030	331,530	20.6%
Debt Service	970,584	1,043,725	1,043,725	1,043,725	1,044,973	1,248	0.1%
Payment in Lieu of Taxes	381,993	382,000	382,000	382,000	382,000	-	0.0%
<b>Total Expenditures</b>	<b>18,055,884</b>	<b>21,740,540</b>	<b>21,767,840</b>	<b>19,651,480</b>	<b>22,433,884</b>	<b>693,344</b>	<b>3.2%</b>

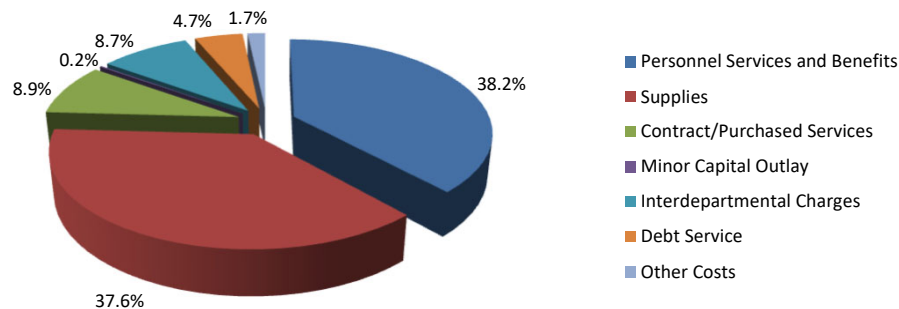
Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	18,055,884	21,740,540	21,767,840	19,651,480	22,433,884	693,344	3.2%
<b>Total Funding</b>	<b>18,055,884</b>	<b>21,740,540</b>	<b>21,767,840</b>	<b>19,651,480</b>	<b>22,433,884</b>	<b>693,344</b>	<b>3.2%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Electric Division**

**Operations 5200**

Full-time Equivalent Personnel	2022 Actual	2023 Budget		2024		2023 Adopted/2024	
		Adopted	Amended	Budget	Salary	Incr(Decr)	%
Division Manager	1.00	1.00	1.00	1.00	197,125	-	0.0%
Principal Project Engineer	1.00	1.00	1.00	1.00	142,999	-	0.0%
Operations Manager	1.00	1.00	1.00	1.00	146,573	-	0.0%
Electric System Engineering Manager	1.00	1.00	1.00	1.00	146,573	-	0.0%
Office Manager	-	-	-	1.00	70,426	1.00	New
Administrative Assistant	1.00	1.00	1.00	-	-	(1.00)	-100.0%
Secretary I	1.00	1.00	1.00	1.00	48,043	-	0.0%
<b>GENERATION CONTROL</b>							
Chief System Dispatcher	1.00	1.00	1.00	1.00	129,590	-	0.0%
System Dispatcher	5.00	5.00	5.00	5.00	566,485	-	0.0%
System Dispatcher-Relief	1.00	1.00	1.00	1.00	113,297	-	0.0%
<b>SCADA</b>							
Senior SCADA Technician	1.00	1.00	1.00	1.00	118,381	-	0.0%
SCADA Technician	1.00	1.00	1.00	1.00	112,747	-	0.0%
<b>LINE CREWS</b>							
Line Crew Foreman	1.00	1.00	1.00	1.00	145,400	-	0.0%
Service Crew Foreman	1.00	1.00	1.00	1.00	145,400	-	0.0%
Apparatus Substation Tech	1.00	1.00	1.00	1.00	135,805	-	0.0%
Lineman	4.00	4.00	4.00	4.00	517,665	-	0.0%
Lineman Apprentice	1.00	1.00	1.00	1.00	96,631	-	0.0%
<b>ELECTRICIANS</b>							
Wireman/Meter Relay Control Foreman	1.00	1.00	1.00	1.00	127,730	-	0.0%
Meterman	1.00	1.00	1.00	1.00	114,137	-	0.0%
Wireman/Electrician	3.00	3.00	3.00	3.00	342,414	-	0.0%
Meter Relay Controlman	1.00	1.00	1.00	1.00	119,774	-	0.0%
Meter Reader	1.00	1.00	1.00	1.00	60,962	-	0.0%
Warehouse-Relief Meter Reader	0.50	0.50	0.50	0.50	37,502	-	0.0%
<b>MECHANICAL MAINTENANCE</b>							
Powerplant Mechanic Foreman	1.00	1.00	1.00	1.00	126,840	-	0.0%
Powerplant Mechanic	7.00	7.00	7.00	7.00	789,229	-	0.0%
Powerplant Mechanic-Relief	1.00	1.00	1.00	1.00	112,747	-	0.0%
<b>OTHER</b>							
Warehouse Worker	1.00	1.00	1.00	1.00	84,401	-	0.0%
Warehouse/General Laborer	0.50	0.50	0.50	0.50	37,502	-	0.0%
Engineering Tech-CADD & GIS	1.40	1.40	1.40	1.40	104,350	-	0.0%
General Laborer	1.00	1.00	1.00	1.00	46,877	-	0.0%
<b>Total</b>	<b>43.40</b>	<b>43.40</b>	<b>43.40</b>	<b>43.40</b>	<b>4,937,605</b>	<b>-</b>	<b>0.0%</b>

**2024 Expenditures by Type**



OPERATING BUDGET CHANGES FOR 2024

Changes between the adopted operating budget for 2023 and the proposed operating budget for 2024 that are greater than 5% and \$5,000 are discussed below.

- Personnel Services and Benefits increased by \$331,966, or by 4.0%, as a result of annual employee step increases for employees in graded positions; a 4.0% cost of living adjustment for non-represented employees that will become effective January 1, 2024; and projected increases in pension, health insurance and other benefits costs.
- Generation Oil Lubricants (Account No.525.02) decreased by \$47,000, or by 48.5% as we do not anticipate the need for complete oil changes on large diesel units.
- Assn. Membership Dues & Fees (Account No. 615.02) increased by \$30,000, or by 120.0%, to add memberships with National Hydropower Association and Alaska Power Association. These are important advocacy and informational partners for the electric utility.
- Technical Services (Account No. 635.12) decreased by \$130,000, or 16.7%, due to a reduction in contracted tree service.
- Management & Consulting Services (Account No. 640-04) increased by \$130,000, or by 104.0%, due to Part 12D periodic inspections for Ketchikan Lakes and Beaver Falls, Owner's Dam Safety Program (ODSP) external audit and additional dam safety tasks as required by the Federal Energy Regulatory Commission (FERC).
- Interdepartmental Charges increased by \$331,530, or by 20.6%, primarily due to increased insurance premiums and increased costs associated with the services provided by City departments to the Electric Division.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Electric Division**

**Operations 5200**

DIVISION OPERATING BUDGET DETAIL							
Operating Expenditures	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
<b>Personnel Services and Benefits</b>							
500 .01 Regular Salaries and Wages	3,620,455	5,009,695	5,009,695	3,806,890	4,937,605	(72,090)	-1.4%
500 .05 Longevity Pay	-	-	-	35,075	39,150	39,150	new
501 .01 Overtime Wages	327,080	445,000	445,000	377,020	445,000	-	0.0%
502 .01 Temporary Wages	20,462	70,000	70,000	42,080	70,000	-	0.0%
505 .00 Payroll Taxes	299,332	422,640	422,640	327,675	420,051	(2,589)	-0.6%
506 .00 Pension	717,235	715,450	750,630	757,300	1,023,739	308,289	43.1%
507 .00 Health and Life Insurance	847,729	1,176,080	1,140,900	907,350	1,234,610	58,530	5.0%
507 .30 Workers Compensation	80,560	114,730	114,730	83,530	100,595	(14,135)	-12.3%
508 .00 Other Benefits	(4,973)	209,270	209,270	209,270	164,081	(45,189)	-21.6%
509 .04 Allowances-KPU Clothing	8,190	8,800	8,800	8,190	8,800	-	0.0%
509 .07 Allowances-Moving Expense	30,000	75,000	75,000	30,000	135,000	60,000	80.0%
509 .08 Allowances-Medical Expenses	225	500	500	75	500	-	0.0%
<b>Personnel Services and Benefits</b>	<b>5,946,295</b>	<b>8,247,165</b>	<b>8,247,165</b>	<b>6,584,455</b>	<b>8,579,131</b>	<b>331,966</b>	<b>4.0%</b>
<b>Supplies</b>							
510 .01 Office Supplies	15,118	16,500	16,500	16,500	17,000	500	3.0%
510 .02 Operating Supplies	4,739	10,000	10,000	10,000	10,000	-	0.0%
510 .03 Safety Program Supplies	26,396	25,000	25,000	25,000	25,500	500	2.0%
510 .04 Janitorial Supplies	223	1,000	1,000	600	700	(300)	-30.0%
510 .05 Small Tools & Equipment	34,124	39,000	39,000	39,000	40,000	1,000	2.6%
515 .01 Vehicle Maintenance Materials	56,202	80,000	80,000	80,000	80,000	-	0.0%
515 .02 Building & Grounds Maint Materials	13,616	10,000	10,000	10,000	10,000	-	0.0%
515 .03 Furniture & Fixtures Maint Materials	-	500	500	500	500	-	0.0%
515 .04 Machinery & Equip Maint Materials	27,438	60,000	60,000	60,000	60,000	-	0.0%
515 .05 Infrastructure & Plant Maint Materials	504,537	545,000	545,000	545,000	570,000	25,000	4.6%
520 .02 Postage	999	1,500	1,500	1,000	1,500	-	0.0%
520 .04 Freight-Materials & Supplies	30,438	50,000	50,000	50,000	54,000	4,000	8.0%
525 .01 Generation Diesel Fuel	171,542	350,000	350,000	250,000	350,000	-	0.0%
525 .02 Generation Oil Lubricants	12,119	97,000	97,000	50,000	50,000	(47,000)	-48.5%
525 .03 Heating Fuel	5,729	9,000	9,000	9,000	9,000	-	0.0%
525 .04 Vehicle Motor Fuel & Lubricants	47,800	50,000	50,000	40,000	50,000	-	0.0%
525 .05 Purchased Power	6,854,606	6,882,000	6,882,000	6,882,000	6,882,000	-	0.0%
525 .07 Machinery & Equip Fuel & Lubricants	1,147	3,000	3,000	1,500	3,000	-	0.0%
525 .10 Whitman Lake - SEAPA True-up	707,414	212,000	212,000	212,000	212,000	-	0.0%
530 .02 Periodicals	501	1,500	1,500	1,000	1,500	-	0.0%
530 .03 Professional & Technical Publications	-	1,500	1,500	1,000	1,500	-	0.0%
535 .02 Business and Meal Expenses	1,417	3,000	3,000	2,000	3,000	-	0.0%
535 .05 Special Protective Clothing	6,453	6,000	8,500	8,500	8,500	2,500	41.7%
<b>Supplies</b>	<b>8,522,558</b>	<b>8,453,500</b>	<b>8,456,000</b>	<b>8,294,600</b>	<b>8,439,700</b>	<b>(13,800)</b>	<b>-0.2%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Electric Division**

**Operations 5200**

		2022	2023 Budget			2024	2023 Adopted/2024	
Operating Expenditures		Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Contract/Purchased Services								
600	.01 Travel-Business	13,978	25,000	25,000	10,000	25,000	-	0.0%
600	.02 Travel-Training	3,127	44,000	44,000	10,000	44,000	-	0.0%
600	.03 Travel-Training and Education	21,824	50,000	50,000	20,000	50,000	-	0.0%
605	.01 Ads & Public Announcements	17,606	25,000	25,000	20,000	25,000	-	0.0%
610	.02 Grant Awards	72,939	88,200	88,200	82,150	92,600	4,400	5.0%
615	.01 Professional and Technical Licenses	1,454	2,500	2,500	1,500	2,500	-	0.0%
615	.02 Assn. Membership Dues & Fees	14,470	25,000	25,000	20,000	55,000	30,000	120.0%
630	.01 Building & Operating Permits	101,912	125,000	125,000	115,000	125,000	-	0.0%
630	.02 Vehicle Licenses	257	1,500	1,500	1,500	1,500	-	0.0%
635	.02 Janitorial and Cleaning Services	7,470	15,000	15,000	10,000	15,000	-	0.0%
635	.03 Vehicle Maintenance Services	-	5,000	5,000	5,000	5,000	-	0.0%
635	.04 Software Maintenance Services	71,574	100,000	100,000	80,000	104,500	4,500	4.5%
635	.06 Bldg & Grounds Maintenance Services	1,178	7,000	7,000	7,000	7,000	-	0.0%
635	.08 Infrastructure Maintenance Services	11,233	40,000	40,000	40,000	40,000	-	0.0%
635	.09 Disposal Services	12,380	15,000	12,500	12,500	12,500	(2,500)	-16.7%
635	.12 Technical Services	103,609	780,000	630,000	630,000	650,000	(130,000)	-16.7%
635	.14 Other Contractual Services	20,484	23,000	23,000	20,000	23,000	-	0.0%
640	.02 Engineering & Architectural Services	40,095	100,000	100,000	100,000	100,000	-	0.0%
640	.04 Management & Consulting Services	94,175	125,000	250,000	250,000	255,000	130,000	104.0%
645	.01 Rents & Leases-Land & Buildings	42,381	92,000	89,000	60,000	92,000	-	0.0%
645	.02 Rents & Leases-Machinery & Equip	12,112	30,000	30,000	15,000	30,000	-	0.0%
650	.01 Telecommunications	193,120	192,000	195,000	195,000	198,000	6,000	3.1%
650	.02 Electric, Water, Sewer & Solid Waste	46,732	50,000	50,000	50,000	50,000	-	0.0%
Contract/Purchased Services		904,110	1,960,200	1,932,700	1,754,650	2,002,600	42,400	2.2%
Minor Capital Outlay								
790	.15 Furniture and Fixtures	-	5,000	5,000	5,000	5,000	-	0.0%
790	.20 Vehicles & Moving Equipment	8,834	-	-	-	-	-	NA
790	.26 Computers, Printers, and Copiers	10,577	28,950	28,950	15,000	28,950	-	0.0%
790	.35 Software	809	7,500	7,500	1,000	7,500	-	0.0%
Minor Capital Outlay		20,220	41,450	41,450	21,000	41,450	-	0.0%
Interdepartmental Charges								
800	.00 Interdept'l-Administrative	210,735	250,620	250,620	229,010	240,300	(10,320)	-4.1%
801	.01 Interdept'l-Human Resources	84,203	111,060	111,060	104,610	135,600	24,540	22.1%
802	.00 Interdept'l-Finance	477,713	559,780	559,780	524,710	566,120	6,340	1.1%
803	.01 Interdept'l-Information Tech	203,626	310,500	310,500	282,530	485,010	174,510	56.2%
825	.01 Interdept'l-Insurance	333,847	380,540	432,840	430,190	517,000	136,460	35.9%
Interdepartmental Charges		1,310,124	1,612,500	1,664,800	1,571,050	1,944,030	331,530	20.6%
Debt Service								
931	.01 Debt Service-Principal	945,000	890,000	890,000	890,000	905,000	15,000	1.7%
932	.01 Debt Service-Interest	25,584	153,725	153,725	153,725	139,973	(13,752)	-8.9%
Debt Service		970,584	1,043,725	1,043,725	1,043,725	1,044,973	1,248	0.1%
Other Costs								
975	.00 Payment in Lieu of Taxes	381,993	382,000	382,000	382,000	382,000	-	0.0%
Other Costs		381,993	382,000	382,000	382,000	382,000	-	0.0%
Total Expenditures by Type		18,055,884	21,740,540	21,767,840	19,651,480	22,433,884	693,344	3.2%

NARRATIVE	
<b>500.01 Regular Salaries and Wages: \$4,937,605</b>	- This account provides expenditures for compensation paid to all regular salaried and hourly employees of the Electric Division.
<b>500.05 Longevity Pay: \$39,150</b>	– Employees may be awarded a bonus upon their anniversary to recognize employees who have remained with the City and KPU for at least 15 years.
<b>501.01 Overtime Wages: \$445,000</b>	- This account provides expenditures for compensation paid to all regular and temporary hourly employees for hours worked in excess of a regular working cycle.
<b>502.01 Temporary Wages: \$70,000</b>	- This account provides expenditures for compensation paid to temporary salaried and hourly employees of the Electric Division.
<b>505.00 Payroll Taxes: \$420,051</b>	– This account provides expenditures for employer contributions for Social Security and Medicare and other similar payroll related taxes.
<b>506.00 Pension: \$1,023,739</b>	– This account provides expenditures for employer contributions to retirement plans.
<b>507.00 Health and Life Insurance: \$1,234,610</b>	– This account provides expenditures for employer contributions to employee health and life insurance plans.
<b>507.30 Workers Compensation \$100,595</b>	– This account provides expenditures for employer contributions for workers compensation.
<b>508.00 Other Benefits: \$164,081</b>	– This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.
<b>509.04 Allowances- KPU Clothing: \$8,800</b>	- This account provides expenditures for employer provided protective clothing and flame-resistant protective clothing allowances paid directly to represented employees of Ketchikan Public Utilities pursuant to collective bargaining agreements or the Personnel Rules.
<b>509.07 Allowances- Moving Expense: \$135,000</b>	– This account provides expenditures for direct payments or reimbursements to employees for expenditures incurred to relocate to Ketchikan.
<b>509.08 Allowances- Medical Expenses: \$500</b>	- This account provides expenditures for employee medical exams paid directly to employees. These benefits are taxable to the employees.
<b>510.01 Office Supplies: \$17,000</b>	- This account provides expenditures for paper, pens, pencils, adding machine ribbons and tape, note pads, file folders, scotch tape, toner, ink cartridges, photocopy charges, small desk accessories and minor office equipment such as adding machines, staplers, comb binding machines and tape dispensers.
<b>510.02 Operating Supplies: \$10,000</b>	- This account provides expenditures for supplies that are normally not of a maintenance nature and are required to support department operations. Included are supplies such as, medical supplies, general materials for public programs and engineering materials.
<b>510.03 Safety Program Supplies: \$25,500</b>	- This account provides expenditures for safety training audio and video programs, safety equipment such as gloves, hard hats and hearing protection, OSHA medical exams, specialized hazardous materials handling and disposal information, specialized traffic control and protective safety equipment and clothing.
<b>510.04 Janitorial Supplies: \$700</b>	– This account provides expenditures for cleaning and sanitation supplies used by in-house and contracted janitors.
<b>510.05 Small Tools and Equipment: \$40,000</b>	- This account provides expenditures for minor tools, operating and office equipment with a value of less than \$1,000. Included are hand tools, chain saws, blow torches, hydraulic jacks, sump pumps, computer accessories, space heaters, radios, calculators, file cabinets and similar types of minor tools and equipment.
<b>515.01 Vehicle Maintenance Materials: \$80,000</b>	- This account provides expenditures for the repair and maintenance of vehicles owned or leased and operated by the division. Included are licensed and unlicensed rolling stock and boats.
<b>515.02 Building and Ground Maintenance Materials: \$10,000</b>	– This account provides expenditures for the repair and maintenance of buildings and upkeep of the grounds owned or leased and operated by the City.
<b>515.03 Furniture &amp; Fixtures Maint Materials: \$500</b>	- This account provides expenditures for the repair and maintenance of furniture and building fixtures owned or leased and operated by the City.



**515.04 Machinery and Equipment Maintenance Materials: \$60,000** – This account provides expenditures for the repair and maintenance of machinery and equipment owned or leased and operated by the City. Included are office equipment, operating equipment, computer networks and computers.

**515.05 Infrastructure and Plant Maintenance Materials: \$570,000** – This account provides expenditures for the repair and maintenance of infrastructure and plants owned or leased and operated by the division. Included are hydroelectric facilities, dams, electric substations, generators, fuel tank farms, overhead and underground electric and telecommunication facilities and telecommunications.

**520.02 Postage: \$1,500** - This account provides expenditures for postal related services such as postage, express delivery, mailing materials and the rent of post office boxes and postage machines.

**520.04 Freight – Materials and Supplies: \$54,000** - This account provides expenditures for shipping and transporting supplies and material to and from vendors.

**525.01 Generation Diesel Fuel: \$350,000** - This account provides expenditures for diesel fuel to operate the electric generators used to produce electric energy for resale by Ketchikan Public Utilities.

**525.02 Generation Oil Lubricants: \$50,000** - This account provides expenditures for lubricants required for the operation of diesel generation equipment.

**525.03 Heating Fuel: \$9,000** - This account provides expenditures for heating fuel to heat facilities owned or leased and operated by the division.

**525.04 Vehicle Motor Fuel and Lubricants: \$50,000** - This account provides expenditures for gasoline, diesel fuel, propane and lubricants used in the operations of the division's vehicles and vessels.

**525.05 Purchased Power: \$6,882,000** - This account provides expenditures for electric energy purchased from SEAPA for resale by Ketchikan Public Utilities.

**525.07 Machinery and Equipment Fuel and Lubricants: \$3,000** – This account provides expenditures for gasoline, diesel fuel, propane and lubricants used in the operations of City and Ketchikan Public Utilities machinery and equipment.

**525.10 Whitman Lake - SEAPA True-up: \$212,000** - This account provides expenditures for reimbursement to SEAPA for agency power that is displaced by the Whitman Lake Hydroelectric Project.

**530.02 Periodicals: \$1,500** – This account provides expenditures for newspapers, magazines and trade journals.

**530.03 Professional and Technical Publications: \$1,500** - This account provides expenditures for professional and technical publications. Included are professional handbooks, print and electronic subscription services for management, electrical engineering, building codes, professional standards and technical journals.

**535.02 Business and Meal Expenses: \$3,000** - This account provides expenditures for reimbursements to employees for business and job related meals and other business related expenses.

**535.05 Special Protective Clothing: \$8,500** – This account provides expenditures for employer provided clothing purchased for use by department or division personnel.

**600.01 Travel-Business: \$25,000** – This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for business and trade meetings and recruitment efforts. Travel expenses incurred by candidates during recruitment searches are charged to this account.

**600.02 Travel-Training: \$44,000** - This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for training.

**600.03 Training and Education: \$50,000** – This account provides expenditures for registration fees, training fees, training materials, tuition reimbursements and other incidental expenses associated with training and educating employees.

**605.01 Ads and Public Announcements: \$25,000** - This account provides expenditures for advertising and announcements in publications, newspapers, trade journals, Internet or broadcasts over radio and television. Included are legal notices, public service announcements, community issues, recruiting, requests for proposals, contracts and sales of property and equipment.

**610.02 Grant Awards: \$92,600** This account provides expenditures for the Electric Division's share of the City's Community Grant Program.

**615.01 Professional and Technical Licenses: \$2,500** – This account provides expenditures for licensing professional, technical, and other employees requiring a license in order to perform their duties. Included are fees paid to licensed engineers, accountants, attorneys, commercial drivers and fees paid for technical certifications required by medical technicians, notaries, surveyors, divers and operators of special equipment.

**615.02 Assn. Membership Dues & Fees: \$55,000** – This account provides expenditures for memberships in professional and trade associations such as Northwest Public Power Association and Southeast Alaska Petroleum Resource Organization.

**630.01 Building and Operating Permits: \$125,000** - This account provides expenditures for permits required for construction, environmental, occupancy and operations required by the Federal Energy Regulatory Commission, Alaska Department of Environmental Conservation and Department of Transportation for right-of-way and traffic control permits.

**630.02 Vehicle Licenses: \$1,500** – This account provides expenditures for licensing the division’s vehicles for operations on public highways.

**635.02 Janitorial and Cleaning Services: \$15,000** – This account provides expenditures for services to clean facilities and equipment owned or leased by the City. Included are janitorial, carpet cleaning and laundry services.

**635.03 Vehicle Maintenance Services: \$5,000** – This account provides expenditures for the repair and maintenance of the division’s vehicles by third-party providers. Included are licensed and unlicensed rolling stock and boats. This account includes contract labor and materials required to provide the service.

**635.04 Software and Equipment Maintenance Services: \$104,500** - This account provides expenditures for maintenance agreements to support licensed software systems and other technology based systems that include both software and hardware components such as OSI for the SCADA system, Cannon for the automated meter reading system and AutoCAD for the computer aided geographic information system (GIS).

**635.06 Buildings and Grounds Maintenance Services: \$7,000** - This account provides expenditures for repair and maintenance of buildings and the upkeep of grounds owned or leased by the City. This includes contract labor and materials required to provide the service.

**635.08 Infrastructure and Plant Maintenance Services: \$40,000** - This account provides expenditures for repair and maintenance of infrastructure owned or leased by the City. This includes contract labor and materials required to provide the service.

**635.09 Disposal Services: \$12,500** - This account provides expenditures for the disposal of hazardous materials such as PCBs, asbestos and lead, transformers and other environmentally sensitive material.

**635.12 Technical Services: \$650,000** - This account provides expenditures for services that are not regarded as professional but require technical or special knowledge. Included are tree pruning and substation vegetation control.

**635.14 Other Contractual Services: \$23,000** - This account provides expenditures for contractual services not identified in the account classifications under contractual services such as oil and water analysis, abatement and equipment, and tool dielectric tests.

**640.02 Engineering and Architectural Services: \$100,000** - This account provides expenditures for engineering services for hydrology studies, system protection, system assessment and load growth studies.

**640.04 Management and Consulting Services: \$255,000** - This account provides expenditures for management and consulting services. Included are project management, rate studies, management studies and other management and consulting engagements requiring persons or firms with specialized skills and knowledge such as FERC, DEC, OSHA and National Electric Safety Code.

**645.01 Rents and Leases - Land and Buildings: \$92,000** - This account provides expenditures for the rent and lease of land and buildings for storage yards, covered storage facilities, and additional office space, exact cost to be determined.

**645.02 Rents and Leases - Machinery & Equipment: \$30,000** - This account provides expenditures for the rent and lease of machinery and equipment. Both operating and capital leases are accounted for in this account.

**650.01 Telecommunications: \$198,000** - This account provides expenditures for wired and wireless telecommunication services. Included are landline and cell phone services, network and data services, charges for wired and wireless telecommunications services, Internet, long distance and toll-free numbers. Purchases of cell phones are also charged to this account.

**650.02 Electric, Water, Sewer & Solid Waste: \$50,000** - This account provides expenditures for electric, water, sewer and solid waste utility services.

**790.15 Furniture and Fixtures: \$5,000** - This account provides expenditures for acquisition of furniture and fixtures. Included are desks, chairs, tables, workstations, file cabinets, storage cabinets and building fixtures. Upgrades to office configurations for utility operators that maximize limited space will require new office furniture.

**790.26 Computers, Printers and Copiers \$28,950** - This account provides expenditures for machinery and equipment usually composed of a complex combination of parts. Included are office equipment and operating equipment required to provide services or maintain capital assets. The Electric Division will acquire six new desktop computer workstations, nine monitors, one laptop, three printers, and seven UPC battery backups for staff per the computer replacement schedule developed by the Information Technology Department.

**790.35 Software: \$7,500** - This account provides expenditures for acquisition of software systems and upgrades not covered by maintenance agreements.

**800.00 Interdepartmental Charges – Administrative: \$240,300** - This account provides expenditures for administrative and management services provided by the departments of the City Council, City Clerk, City Attorney and the administrative office of the City Manager.

**801.01 Interdepartmental Charges – Human Resources: \$135,600** - This account provides expenditures for human resource services provided by the Human Resources Division.

**802.00 Interdepartmental Charges - Finance: \$566,120** - This account provides expenditures for financial, accounting, payroll, accounts payable, billing, customer service and budgeting services provided by the Finance Department.

**803.01 Interdepartmental Charges – Information Technology: \$485,010** - This account provides expenditures for information technology services provided by the Information Technology Department.

**825-01 Interdepartmental Charges – Insurance: \$517,000** - This account provides expenditures for risk management services and claims.

**931.01 Debt Service-Principal: \$905,000** - This account provides expenditures for principal on revenue bonds.

**932.01 Debt Service-Interest: \$139,973** - This account provides expenditures for interest on revenue bonds.

**975.00 Payment in Lieu of Taxes: \$382,000** - This account provides expenditures for payments in lieu of taxes assessed against the enterprise funds of the City.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Electric Division**

**Capital Budget**

Major Capital Outlay	2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
705.00 Buildings	-	750,000	750,000	-	757,500	7,500	1.0%
720.00 Vehicles and Moving Equipment	145,760	665,000	665,000	665,000	115,000	(550,000)	New
725.00 Machinery and Equipment	539,582	2,663,150	2,663,150	595,523	1,479,109	(1,184,041)	-44.5%
730.00 Infrastructure	375,398	1,825,000	1,850,000	850,662	2,331,548	506,548	27.8%
740.00 Other Capital Assets	7,123	-	-	-	-	-	0.0%
<b>Total Major Capital Outlay</b>	<b>1,067,863</b>	<b>5,903,150</b>	<b>5,928,150</b>	<b>2,111,185</b>	<b>4,683,157</b>	<b>(1,219,993)</b>	<b>-20.7%</b>

Capital Improvement Projects		Funding Sources			
Project #	Project	KPU	Grants	Bonds	Total
		Enterprise Fund			
705-00 Buildings					
	Beaver Falls Exterior	757,500			757,500
	Total Buildings	757,500	-	-	757,500
720.00 Vehicles and Moving Equipment					
	Vehicles & Moving Equipment	115,000			115,000
	Total Vehicles and Moving Equipment	115,000	-	-	115,000
725.00 Machinery and Equipment					
	Ketchikan Tunnel Penstock Valves Replacement	253,000			253,000
	Whitman Tailrace Modification	110,109			110,109
	Whitman Incubations Pipe Flow Meter	50,000			50,000
	Penstock Inspections	100,000			100,000
	Transformer Purchases	200,000			200,000
	Bailey Generator No. 4 Wartsila PLC Upgrade	115,000			115,000
	Battery Systems & Chargers	46,000			46,000
	System Sectionalizers	100,000			100,000
	AMI, Meters and Meter Replacmeent Parts	185,000			185,000
	Spare Substation Class Transformer Refurbishment	50,000			50,000
	ESRI Trouble Ticket Solution	40,000			40,000
	Bailey Generator Radiator Replacement	40,000			40,000
	Bailey Fuel Tank Painting	100,000			100,000
	Bailey Exhaust Stack Re-Coating	90,000			90,000
	Total Machinery and Equipment	1,479,109	-	-	1,479,109

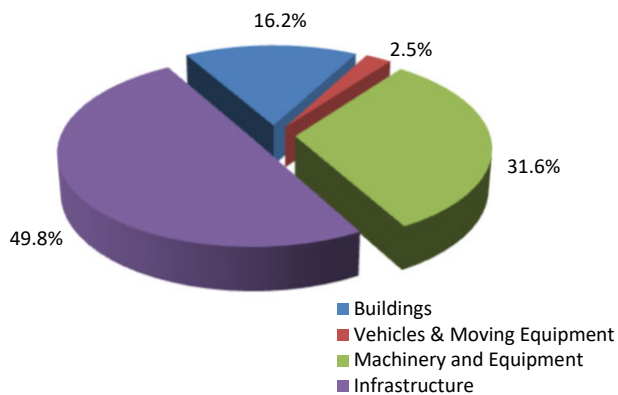
**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Electric Division**

**Capital Budget**

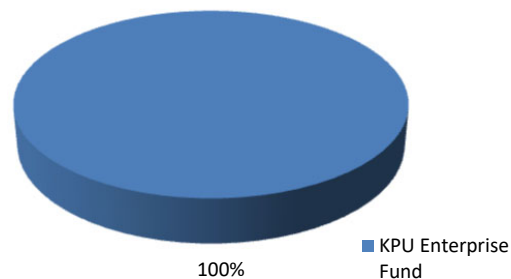
**730.00 Infrastructure**

Silvis Road Repair	363,600			363,600
Ketchikan Lakes Project Relicensing	303,000			303,000
Whitman Dam Crack Repair	50,000			50,000
Ketchikan Lakes Utilities	184,788			184,788
Bailey Title V Renewal	40,000			40,000
Transmission & Distribution Line Maintenance	252,500			252,500
Ketchikan International Aripport & Pennock Island Upgrade	429,250			429,250
Beaver Falls Relicensing	30,000			30,000
Feeder Protective Relay Upgrades	100,000			100,000
Operating Equipment	344,410			344,410
Security Fencing and Gates	45,000			45,000
Additional Projects	164,000			164,000
Reimbursable Projects	25,000			25,000
				-
<b>Total Infrastructure</b>	<b>2,331,548</b>	<b>-</b>	<b>-</b>	<b>2,331,548</b>
<b>Total Capital Budget</b>	<b>4,683,157</b>	<b>-</b>	<b>-</b>	<b>4,683,157</b>

**Expenditures by Type**



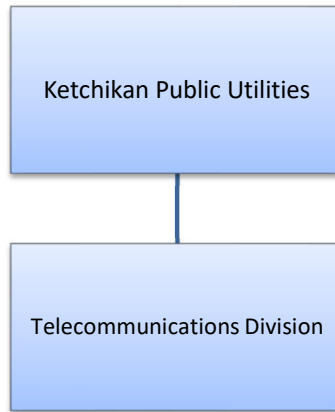
**Expenditures by Funding Source**



**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Telecommunications Division**

**Summary**

The Telecommunications Division is one of three utilities operated by Ketchikan Public Utilities and is owned by the City of Ketchikan. Operations include both regulated and non-regulated activity and provide service to approximately 6,600 customers.



The Telecommunications Division operates one division and oversees one Capital Improvement Program.

DEPARTMENT EXECUTIVE SUMMARY							
Divisions/Cost Center/Programs	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operations	15,366,153	17,354,349	17,389,870	16,925,390	18,199,127	844,778	4.9%
Capital Improvement Program	1,161,264	4,558,500	4,558,500	3,882,000	3,820,265	(738,235)	-16.2%
<b>Total</b>	<b>16,527,417</b>	<b>21,912,849</b>	<b>21,948,370</b>	<b>20,807,390</b>	<b>22,019,392</b>	<b>106,543</b>	<b>0.5%</b>

Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	6,103,247	7,053,289	7,053,289	6,911,055	7,691,677	638,388	9.1%
Supplies	959,368	950,000	985,521	976,821	1,009,250	59,250	6.2%
Contract/Purchased Services	6,282,102	6,666,475	6,666,475	6,445,659	6,945,700	279,225	4.2%
Minor Capital Outlay	27,397	21,000	21,000	16,000	21,000	-	0.0%
Interdepartmental Charges	1,012,360	1,307,680	1,307,680	1,219,950	1,578,550	270,870	20.7%
Debt Service	775,321	1,149,505	1,149,505	1,149,505	746,550	(402,955)	-35.1%
Payment in Lieu of Taxes	206,358	206,400	206,400	206,400	206,400	-	0.0%
Major Capital Outlay	1,161,264	4,558,500	4,558,500	3,882,000	3,820,265	(738,235)	-16.2%
<b>Total</b>	<b>16,527,417</b>	<b>21,912,849</b>	<b>21,948,370</b>	<b>20,807,390</b>	<b>22,019,392</b>	<b>106,543</b>	<b>0.5%</b>

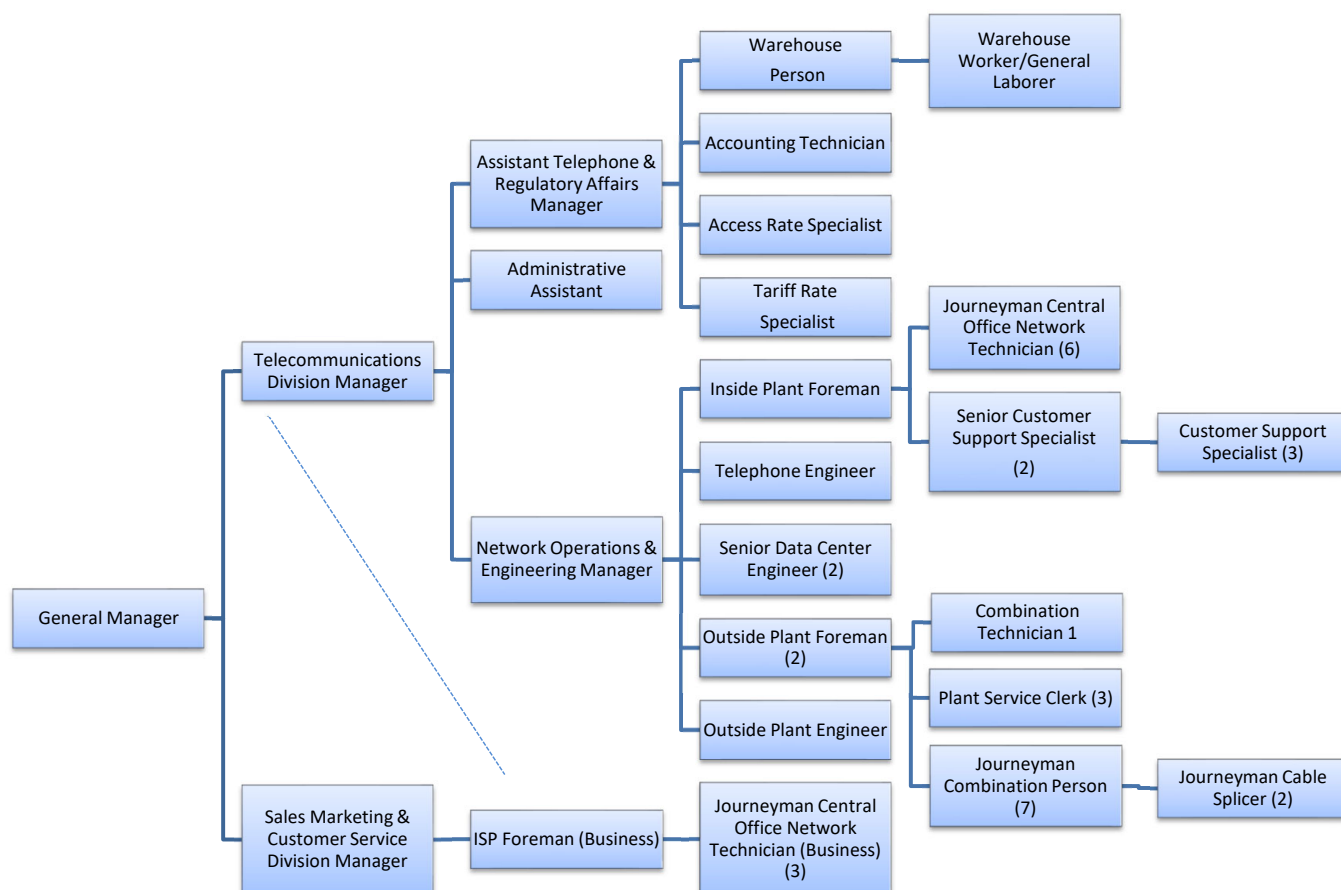
Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	16,527,417	21,912,849	21,948,370	20,807,390	22,019,392	106,543	0.5%
Revenue Bond	-	-	-	-	-	-	NA
<b>Total</b>	<b>16,527,417</b>	<b>21,912,849</b>	<b>21,948,370</b>	<b>20,807,390</b>	<b>22,019,392</b>	<b>106,543</b>	<b>0.5%</b>

Full-time Equivalent Personnel	2022	2023 Budget		2024		2023 Adopted/2024	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
Operations	41.00	43.00	43.00	43.00	4,526,936	-	0.0%
<b>Total</b>	<b>41.00</b>	<b>43.00</b>	<b>43.00</b>	<b>43.00</b>	<b>4,526,936</b>	<b>-</b>	<b>0.0%</b>

## MISSION STATEMENT

The Telecommunications Division is committed to providing high quality telecommunication products and services to residents and businesses of the City of Ketchikan and the Ketchikan Gateway Borough at competitive rates. The division strives to maintain quality customer service and competitive pricing, while concurrently working to maximize the utility's value to its owner, the City of Ketchikan. The Telecommunications Division will continue to introduce new cost effective technologies that will aid in the community's economic growth. The division stands ready to assist its customers as efficiently and effectively as possible within guidelines established by federal and state law, the Charter of the City of Ketchikan, the Ketchikan Municipal Code and the ratepayers of the utility as represented by the City Council.



## GOALS FOR 2024

The KPU Telecommunications (KPUTel) Division's 2024 operating and capital budget goals are primarily divided between Revenue & Competitive Strategy, Efficiency, and Quality of Service & Ongoing Operations.

**Revenue & Competitive Strategy:**

2023 marked the tenth full year of operation for KPU's Verizon wireless 'roaming data and voice' 4G/LTE network. Investment in the 4G/LTE network effectively enabled KPU Telecommunications to fund the construction of the digital microwave system (to Canada); purchase an IRU (private ownership of circuit capacity on GCI's undersea cable to Seattle); own/operate a Verizon agent store, which was closed in 2022; and construct a 4G/LTE wireless system in Ketchikan and Skagway.

The new KetchCan1 subsea fiber plays a key role in KPUTel's competitive future, enabling KPUTel to offer higher-speed internet service at reasonable rates, and otherwise be in a position to add capacity and services at any time, no matter what the broadband future might require. Additionally, KetchCan1 allows KPUTel to sell wholesale capacity to other providers and negotiate more effectively in increasing network redundancy.

Notably, the new subsea fiber enabled KPUTel to disconnect expensive (and limited) network capacity – previously leased from KPUTel's primary competitor. The debt service (annual bond payment) is less than what KPUTel previously paid its primary competitor for the lease of network transport.

The new undersea cable has performed flawlessly since the November 1, 2020 in-service date.

## KETCHIKAN PUBLIC UTILITIES

### 2024 Operating and Capital Budget

#### Telecommunications Division

Operations 5300

KPU Tel has significantly improved its cyber-security protection over the last few years by purchasing a best-in-class XDR (Extended Detection and Response) security solution deployed to detect network threats. The solution applies advanced machine learning profiling, and service-layer discovery to keep networks and devices safe from cyber-attacks. This solution has subsequently been turned into a service so that other customers may increase their protection against cyber-attacks. KPUTel has migrated this system into the cloud, which has an impact on the operating budget, but opens up server capacity in the datacenter to sell to customers.

KPUTel launched a unified communication platform that integrates WebEx into the Broadsoft switch. This allows amazing customer flexibility in integrating and managing voice calls into all of their devices and locations. KPU Tel will continue our innovation by looking at new products and services that our customers desire and demand.

#### Efficiency:

The 2024 KPUTel budget includes a job classification change of one Journeyman Combination Technician position to a Journeyman Central Office Network Technician and adding a Combination Technician 1 position.

KPU Telecommunications is seeking to improve overall efficiency and workforce stability through restructuring positions. The Network Engineering and Operations Manager works over 50 hours per week due to a need for more personnel resources. Additionally, current CO Technicians must work overtime to keep up with their duties due to personnel shortages.

KPU-Tel has two open Journeyman Combination Technician positions with no viable applicants with the required skill set. To address this, we will add two new job classifications; Combination Technician 1 and Combination Technician 2. This will allow us to recruit locally for a Combination Technician 1, as local hires tend to have a connection to the community and, subsequently, more job longevity. Although we would be adding an FTE in the 2024 budget for Combination Technician 1, in reality, we expect that we will need more time to fill the vacant Journeyman Combination Tech position, which will dampen the budget impact. This restructuring will allow current employees to gain the experience and skills necessary for promotion without leaving KPU and working elsewhere to gain the requisite expertise for higher-level positions. This will provide a growth path for the person in this position to become a Journeyman Combination Technician. With this restructuring, good employees can be retained while having opportunities for advancement within the organization, thus increasing morale and minimizing staff turnover costs.

KPUTel will be looking at options to transition its KPUTV product as the entertainment industry continues to migrate to streaming services.

#### **Noteworthy investments in the 2024 Capital Budget include:**

The COVID-related minimal capital budgets in 2021 and 2022 caused the deferral of important projects. While this created large budget surpluses for the division in 2021 and 2022, it came at the expense of causing the division to defer the significant investment necessary to meet ongoing customer demand for reliable telecommunications services. The 2023 budget helped in rectifying some of the impacts of deferring capital investment and the 2024 budget continues in this vein. Some of the major projects are as follows:

- Buildings - Repair and replace leaking roof in truck barn and dilapidated siding.
- Fiber to the Home – Several areas will require supplemental fiber construction to relieve a shortage of fiber including Bear Valley, Carlanna, Forest Park, and Park Ave. We will address some of these areas in 2024.
- Vehicles - Replace one bucket truck, and two service delivery vehicles.
- 4G-LTE – Build capacity and/or coverage sites in Skagway, Bear Valley, and downtown Ketchikan.
- Internet Expansion – Replace Internet caching servers that will no longer supported.
- Ketchikan1 Subsea Fiber Cable – This was appropriated by the City Council in 2022 and needs to continue to be appropriated annually for budgeting and accounting purposes. The impact is that it artificially increases our Capital Budget.

The balance of the division's capital requirements relative to revenue and competitive strategy are primarily focused on more routine network moves – adds-and-changes necessary to meet growth in KPUTel services and other routine revenue-generating items.

#### Quality of Service/Ongoing Operations:

The division's 2024 total budget represents a modest increase of \$280,576 or 1.3% over the 2023 amended budget. The 2024 operating budget increase is absolutely necessary in addressing the operational deficiencies in the division's budget and accommodate anticipated inflation for 2024. The proposed spending plan will accomplish the goals of filling gaps in present operational needs, while maintaining a high quality of service without risking ongoing operations.

## ACCOMPLISHMENTS FOR 2023

### Administration

- Filed a petition, through the Alaska Telecom Association, with the Federal Communications Commission to extend the Alaska Plan 8 years until 2034.
- Hired Matt McLaren as Assistant KPU Telecommunications Division Manager on February 27, 2023.
- KPU Telecommunications Division Manager was voted in to serve as 1st Vice President of the Executive Committee for the Alaska Telecom Association.



## KETCHIKAN PUBLIC UTILITIES

### 2024 Operating and Capital Budget

#### Telecommunications Division

Operations 5300

- Negotiated a new agreement with CityWest to add more Internet capacity and increase our redundancy position.
- The KPU Tel Phone Directory cover was awarded 1st place at the Alaska Telecom Association annual meeting.
- Transitioned the operation and maintenance of the IBM iSeries that support the KPU Tel billing platform from City IT to KPU IT.
- Worked with industry and the Regulatory Commission of Alaska to extend the term of the Alaska Universal Service Fund for 3 years until June 30, 2026.
- Made several filings with the FCC for the new Broadband Data Collection (BDC) mapping effort that is part of the \$65B Broadband Equity and Access Deployment (BEAD) funding in the Infrastructure Investment and Jobs Act (IIJA).
- Completed the process for procuring the Auction 108 spectrum license with the Federal Communications Commission.
- Negotiated the requisite agreements and completed construction of the 4G/LTE cell site at Thimbleberry Road.
- Completed radio frequency (RF) study to provide better coverage in the Bear Valley neighborhood. Performed capacity planning for the 4G network in Skagway and downtown Ketchikan.
- Implemented new robocall mitigation plan that was an FCC requirement that will help to stem robocalls in Ketchikan.
- Completed the bi-annual transition of customers required for the FCC regulatory requirement for network performance testing.

#### 4G LTE / Microwave

- Radio replacements for all sites were completed in Q2 2023.
- Cranberry Road cell site completed.
- Bear Valley cell site RF study conducted with planning for completion Q4 2023.
- Realignment of Skagway cell site due to bearer drops from a significant increase in usage.
- High School, cellular improvement project, approved for Q1 2024.

#### Facility

- New equipment rack at North Point Higgins.
- 2x Legacy Zhone malc switches migration completion expected Q1 2024.
- North Point office power plant upgrade planned completion Q1 2024.
- Shoup Street and D1 Loop AFC shelf migration is complete.
- New Drive Array installation in the data center.
- MLX8e upgrades in the data center are planned for Q4 2023.
- New fiber cards for growth at Knudson, North Point office, Eichner K71, and the Main CO.

#### Core

- ExtraHop monitoring hardware refresh and cloud upgrade project completed.
- Connect America Fund (CAF) Performance Testing Quarterly completions.
- KPU Electric Division SCADA redesign completed.
- KPU Water SCADA redesign completion expected Q4 2023.
- Central Office Network redesign completion expected Q4 2023.
- Mosaic One Adtran implementation completion is expected in Q1 2024.
- Infoblox DHCP server migration project expected completion Q1 2024.
- Minim managed Wi-Fi replacement project 75% complete with completion in Q4 2023.
- 2x10G capacity increases to CityWest planned Q4 2023.

#### Voice

- Webex for Cisco Broadworks project completed.
- Broadworks Lab project in-progress with completion in Q4 2023.
- Replacement Session Border Controller project in progress with completion expected Q1 2024.
- Class 5 Softswitch RFP expected completion Q4 2023.
- MiaRec call recording upgrade completed, with releases to customers expected in Q4 2023.

#### Video

- New Paramount, Outdoor Network, Sportsman Channel, TV Land, NHL, NFL and Oxygen feeds.
- New EAS server installed.
- IPTV future solution evaluations.

**Systems and Datacenter**

- Request Tracker upgrade project expected completion Q1 2024.
- Windows AD domain migration is expected completion Q1 2024.
- Disk Array replacement project started with completion expected in Q4 2023.
- Wildcard kputel.us SSL cert implemented.
- DNS server migrations to new public servers are expected in Q1 2024.

**Line Crew & Splicers**

- Ward Cove Overlay project completion is expected in Q4 2023.
- ADOT projects research and coordination completed for numerous projects in 2023.
- Fiber audit project for the network completed.
- KPU Water fiber redundancy project expected completion in Q4 2023.
- 521 Thatcher MDU project completed.
- The satellite feed improvement project was completed.
- The radio replacement project was completed.
- Sea Level Condo project completed.
- Deermount Street fire damage repairs

**Install & Trouble Tickets To Date (7/29/23)**

- Corning Clear Track installation adoption.
- 457 Service Orders
- 708 Trouble Tickets
- 126 Fiber Drops

**Hosted Business Group To Date (7/29/23)**

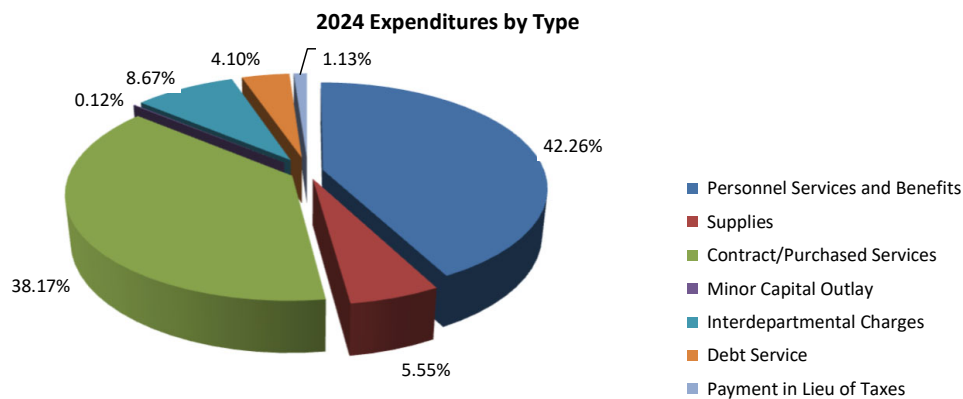
- 398 Resolved PBX tickets.
- 105 Installs completed.

DIVISION SUMMARY							
Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	6,103,247	7,053,289	7,053,289	6,911,055	7,691,677	638,388	9.1%
Supplies	959,368	950,000	985,521	976,821	1,009,250	59,250	6.2%
Contract/Purchased Services	6,282,102	6,666,475	6,666,475	6,445,659	6,945,700	279,225	4.2%
Minor Capital Outlay	27,397	21,000	21,000	16,000	21,000	-	0.0%
Interdepartmental Charges	1,012,360	1,307,680	1,307,680	1,219,950	1,578,550	270,870	20.7%
Debt Service	775,321	1,149,505	1,149,505	1,149,505	746,550	(402,955)	-35.1%
Payment in Lieu of Taxes	206,358	206,400	206,400	206,400	206,400	-	0.0%
<b>Total Expenditures</b>	<b>15,366,153</b>	<b>17,354,349</b>	<b>17,389,870</b>	<b>16,925,390</b>	<b>18,199,127</b>	<b>844,778</b>	<b>4.9%</b>
Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	15,366,153	17,354,349	17,389,870	16,925,390	18,199,127	844,778	4.9%
<b>Total Funding</b>	<b>15,366,153</b>	<b>17,354,349</b>	<b>17,389,870</b>	<b>16,925,390</b>	<b>18,199,127</b>	<b>844,778</b>	<b>4.9%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Telecommunications Division**

**Operations 5300**

	2022	2023 Budget		2024		2023 Adopted/2024	
Full-time Equivalent Personnel	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
EXECUTIVE & PLANNING							
Division Manager	1.00	1.00	1.00	1.00	202,053	-	0.0%
Office Manager	1.00	1.00	1.00	1.00	66,108	-	0.0%
GENERAL & ADMINISTRATIVE							
Assistant Manager	1.00	1.00	1.00	1.00	160,152	-	0.0%
Tariff Specialist	1.00	1.00	1.00	1.00	75,994	-	0.0%
Access Rate Specialist	1.00	1.00	1.00	1.00	74,781	-	0.0%
Accounting Technician	1.00	1.00	1.00	1.00	60,654	-	0.0%
ENGINEERING SERVICES							
Engineering Manager	1.00	1.00	1.00	1.00	183,049	-	0.0%
Engineer	1.00	1.00	1.00	1.00	140,119	-	0.0%
Senior Datacenter Engineer	1.00	2.00	2.00	2.00	274,970	-	0.0%
Outside Plant Engineer	1.00	1.00	1.00	1.00	136,008	-	0.0%
PLANT SPECIFIC							
Outside Plant Foreman	1.00	2.00	2.00	2.00	239,828	-	0.0%
Journeyman Cable Splicer	2.00	2.00	2.00	2.00	209,344	-	0.0%
Journeyman Combination Tech	7.00	8.00	8.00	7.00	756,357	(1.00)	-12.5%
Inside Plant Foreman	2.00	2.00	2.00	2.00	251,916	-	0.0%
Journeyman CO Network Tech	8.00	8.00	8.00	9.00	986,343	1.00	12.5%
Sr. Customer Support Specialist	2.00	2.00	2.00	2.00	131,501	-	0.0%
Customer Support Specialist	3.00	3.00	3.00	3.00	191,095	-	0.0%
Combination Technician 1	-	-	-	-	-	-	0.0%
PLANT NON-SPECIFIC							
Plant Manager	1.00	-	-	-	-	-	0.0%
Plant Service Clerk	3.00	3.00	3.00	3.00	227,260	-	0.0%
Warehouse Worker	1.00	1.00	1.00	1.00	84,401	-	0.0%
Warehouse Worker/Laborer	1.00	1.00	1.00	1.00	75,003	-	0.0%
Total	41.00	43.00	43.00	43.00	4,526,936	-	0.0%



**OPERATING BUDGET CHANGES FOR 2024**

Changes between the adopted operating budget for 2023 and the proposed operating budget for 2024 that are greater/lesser than 5% and \$5,000 are discussed below:

- Personnel Services and Benefits increased by \$638,388, or 9.1%, due to the job classification change of one Journeyman Combination Technician position to a Journeyman Central Office Network Technician, reclassification of the Administrative Assistant to Office Manager and adding a Combination Technician 1 position; the KPU IBEW Collective Bargaining Agreement, 4% cost of living adjustment for non-represented employees effective January 1, 2024; projected increases in pension, health insurance and other benefits costs, and annual step increases.
- Infrastructure & Plant Maint Materials (Account No. 515.05) increased by \$50,000, or 7.1% due to the significant increases in the cost of equipment for both internal use and for equipment used for provisioning customer services.
- Software & Equipment Maintenance Services (Account No. 635.04) increased by \$105,000, or by 17.6%, due to the business necessity for KPU to implement a secure electronic billing and payment system as well as a new VMware solution.
- Building & Grounds Maintenance Services (Account No. 635.06) increased by \$13,000, or by 108.3%, due to the need for parking lot repairs and striping as well as building maintenance including window replacements.
- Other Contractual Services (Account No. 635.14) increased by \$17,000 or by 13.8%, due to the increased contractual services for database maintenance and engineering design services.
- Engineering & Architectural Services (Account No. 640.02) increased by \$35,000 or by 11.7%, due to the increased professional technical assistance required to accomplish network security initiatives and overall increases in billing rates for technical professional services.
- Management & Consulting Services (Account No. 640.04) increased \$15,000 or 13.0% due to increased costs for project management services, cost and rate studies, and other consulting services requiring persons with specialized skills and knowledge.
- Rents & Leases-Infrastructure (Account No. 645.04) increased by \$100,000, or 3.9%, due to inflation as well as the increased cybersecurity needs to keep both KPU Telecommunications and its customers operating in a secure environment.
- Interdepartmental Charges increased by \$270,870, or by 20.7%, primarily due to increased insurance premiums and increased costs associated with services provided by City departments to the Telecommunications Division.
- Debt Service-Principal (Account No. 931.01) decreased by \$370,101, or by 50.3%, due to the KPU paying off principal and interest of interfund advances in 2023.
- Debt Service-Interest (Account No. 932.01) decreased by \$32,854, or by 7.9%, due to the KPU paying off principal and interest of interfund advances in 2023.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Telecommunications Division**

**Operations 5300**

**DIVISION OPERATING BUDGET DETAIL**

			2022	2023 Budget			2024	2023 Adopted/2024	
Operating Expenditures			Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits									
500	.01	Regular Salaries and Wages	3,590,169	4,231,189	4,071,189	3,859,610	4,526,936	295,747	7.0%
500	.05	Longevity Pay	-	-	-	32,900	36,475	36,475	new
501	.01	Overtime Wages	380,042	350,000	550,000	550,000	350,000	-	0.0%
502	.01	Temporary Wages	11,636	20,000	20,000	15,840	20,000	-	0.0%
505	.00	Payroll Taxes	297,272	352,000	352,000	339,180	377,418	25,418	7.2%
506	.00	Pension	759,134	691,650	691,650	831,735	938,230	246,580	35.7%
507	.00	Health and Life Insurance	941,520	1,167,660	1,127,660	1,048,650	1,195,274	27,614	2.4%
507	.30	Workers Compensation	56,855	71,370	71,370	73,720	74,330	2,960	4.1%
508	.00	Other Benefits	47,077	142,420	142,420	142,420	145,764	3,344	2.3%
509	.04	Allowances-KPU Clothing	7,140	7,000	7,000	8,500	7,250	250	3.6%
509	.07	Allowances- Moving Expense	3,633	15,000	15,000	5,500	15,000	-	0.0%
509	.09	Allowances-Incentive Pay	8,769	5,000	5,000	3,000	5,000	-	0.0%
Personnel Services and Benefits			6,103,247	7,053,289	7,053,289	6,911,055	7,691,677	638,388	9.1%
Supplies									
510	.01	Office Supplies	8,683	10,000	10,000	9,000	10,000	-	0.0%
510	.02	Operating Supplies	28,878	26,000	26,000	23,000	26,000	-	0.0%
510	.03	Safety Program Supplies	7,678	19,000	19,000	10,000	19,000	-	0.0%
510	.04	Janitorial Supplies	6,236	5,000	5,000	5,000	5,500	500	10.0%
510	.05	Small Tools & Equipment	15,584	35,000	35,000	30,000	35,000	-	0.0%
510	.07	Food & Catering	3,663	1,000	1,000	3,000	3,000	2,000	200.0%
515	.01	Vehicle Maintenance Materials	27,399	25,000	25,000	25,000	25,000	-	0.0%
515	.02	Building & Grounds Maint Materials	13,608	13,000	13,000	20,000	15,000	2,000	15.4%
515	.05	Infrastructure & Plant Maint Materials	742,480	700,000	735,521	735,521	750,000	50,000	7.1%
520	.02	Postage	96	1,000	1,000	1,000	1,000	-	0.0%
520	.04	Freight-Materials & Supplies	45,648	55,000	55,000	55,000	55,000	-	0.0%
525	.03	Heating Fuel	10,538	10,000	10,000	10,000	10,000	-	0.0%
525	.04	Vehicle Motor Fuel & Lubricants	33,809	30,000	30,000	30,000	33,000	3,000	10.0%
530	.02	Periodicals	334	1,000	1,000	1,300	1,500	500	50.0%
530	.03	Professional & Technical Publications	1,919	2,000	2,000	2,000	2,000	-	0.0%
535	.02	Business and Meal Expenses	1,166	1,000	1,000	1,000	1,250	250	25.0%
535	.04	Uniforms/Badges/Clothing	11,649	16,000	16,000	16,000	17,000	1,000	6.3%
Supplies			959,368	950,000	985,521	976,821	1,009,250	59,250	6.2%

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Telecommunications Division**

**Operations 5300**

			2022	2023 Budget			2024	2023 Adopted/2024	
			Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Contract/Purchased Services									
600	.01	Travel-Business	28,693	45,000	45,000	45,000	49,500	4,500	10.0%
600	.02	Travel-Training	13,084	33,000	33,000	24,775	37,500	4,500	13.6%
600	.03	Travel-Training and Education	20,079	16,775	16,775	25,000	21,500	4,725	28.2%
605	.01	Ads & Public Announcements	40,135	50,000	50,000	54,000	54,000	4,000	8.0%
605	.02	Marketing	208	1,000	1,000	1,000	1,000	-	0.0%
610	.01	Community Promotion	3,465	4,000	4,000	4,000	4,000	-	0.0%
610	.02	Grant Awards	58,053	70,200	70,200	65,384	73,700	3,500	5.0%
615	.02	Assn. Membership Dues & Fees	48,515	46,000	46,000	46,000	46,000	-	0.0%
630	.01	Building & Operating Permits	179,384	220,000	220,000	220,000	230,000	10,000	4.5%
630	.02	Vehicle Licenses	203	500	500	500	500	-	0.0%
630	.03	Bank & Merchant Fees	859	1,000	1,000	1,000	1,000	-	0.0%
630	.04	Broadcast Content Fees	1,603,459	1,650,000	1,650,000	1,624,000	1,600,000	(50,000)	-3.0%
635	.02	Janitorial & Cleaning Services	20,700	21,000	21,000	23,000	25,000	4,000	19.0%
635	.03	Vehicle Maintenance Services	7,850	15,000	15,000	12,000	15,000	-	0.0%
635	.04	Software & Equip. Maint. Services	635,001	595,000	595,000	700,000	700,000	105,000	17.6%
635	.06	Building and Grounds Maint. Svc	6,806	12,000	12,000	25,000	25,000	13,000	108.3%
635	.07	Machinery & Equipment Maint. Svc	995	5,000	5,000	5,000	5,000	-	0.0%
635	.08	Infrastructure Maint. Services	31,766	65,000	65,000	40,000	65,000	-	0.0%
635	.12	Technical Services	104,879	110,000	110,000	115,000	115,000	5,000	4.5%
635	.14	Other Contractual Services	148,520	123,000	123,000	123,000	140,000	17,000	13.8%
640	.01	Legal and Accounting Services	-	30,000	30,000	10,000	30,000	-	0.0%
640	.02	Engineering & Architectural Services	216,501	300,000	300,000	300,000	335,000	35,000	11.7%
640	.04	Management & Consulting Services	144,225	115,000	115,000	90,000	130,000	15,000	13.0%
645	.01	Rents and Leases-Land & Buildings	180,798	181,000	181,000	160,000	185,000	4,000	2.2%
645	.02	Rents and Leases-Machinery & Equip	-	2,000	2,000	2,000	2,000	-	0.0%
645	.04	Rents and Leases-Infrastructure	2,390,860	2,550,000	2,550,000	2,325,000	2,650,000	100,000	3.9%
650	.01	Telecommunications	171,190	175,000	175,000	175,000	175,000	-	0.0%
650	.02	Electric, Water, Sewer & Solid Waste	225,874	230,000	230,000	230,000	230,000	-	0.0%
Contract/Purchased Services			6,282,102	6,666,475	6,666,475	6,445,659	6,945,700	279,225	4.2%
Minor Capital Outlay									
790	.15	Furniture and Fixtures	9,264	10,000	10,000	10,000	10,000	-	0.0%
790	.25	Machinery and Equipment	17,125	10,000	10,000	5,000	10,000	-	0.0%
790	.26	Computers, Printers & Copiers	-	-	-	-	-	-	0.0%
790	.35	Software	1,008	1,000	1,000	1,000	1,000	-	0.0%
Minor Capital Outlay			27,397	21,000	21,000	16,000	21,000	-	0.0%
Interdepartmental Charges									
800	.00	Interdept'l-Administrative	167,723	199,470	199,470	182,270	191,260	(8,210)	-4.1%
801	.01	Interdept'l-Human Resources	86,124	113,590	113,590	106,990	138,680	25,090	22.1%
802	.00	Interdept'l-Finance	380,226	445,540	445,540	417,620	450,580	5,040	1.1%
803	.01	Interdept'l-Information Tech	243,600	388,130	388,130	353,160	606,260	218,130	56.2%
825	.01	Interdept'l-Insurance	134,687	160,950	160,950	159,910	191,770	30,820	19.1%
Interdepartmental Charges			1,012,360	1,307,680	1,307,680	1,219,950	1,578,550	270,870	20.7%

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Telecommunications Division**

**Operations 5300**

Operating Expenditures	2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
<b>Debt Service</b>							
931 .01 Debt Service-Principal	330,000	735,101	735,101	735,101	365,000	(370,101)	-50.3%
932 .01 Debt Service-Interest	445,321	414,404	414,404	414,404	381,550	(32,854)	-7.9%
<b>Debt Service</b>	<b>775,321</b>	<b>1,149,505</b>	<b>1,149,505</b>	<b>1,149,505</b>	<b>746,550</b>	<b>(402,955)</b>	<b>-35.1%</b>
<b>Other Costs</b>							
975 .00 Payment in Lieu of Taxes	206,358	206,400	206,400	206,400	206,400	-	0.0%
<b>Other Costs</b>	<b>206,358</b>	<b>206,400</b>	<b>206,400</b>	<b>206,400</b>	<b>206,400</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenditures by Type</b>	<b>15,366,153</b>	<b>17,354,349</b>	<b>17,389,870</b>	<b>16,925,390</b>	<b>18,199,127</b>	<b>844,778</b>	<b>4.9%</b>

**NARRATIVE**

**500.01 Regular Salaries and Wages: \$4,526,936** – This account provides expenditures for the cost of annual salaries and wages paid to the employees of the Telecommunications Division.

**500.05 Longevity Pay: \$36,475** – Employees may be awarded a bonus upon their anniversary to recognize employees who have remained with the City and KPU for at least 15 years.

**501.01 Overtime Wages: \$350,000** – This account provides expenditures for premium compensation paid to all non-exempt regular and temporary hourly employees for hours worked in excess of a regular working cycle. These excess hours typically occur because of scheduled after hours maintenance activity, callouts, emergencies arising from outages and equipment failure and spikes in the workload that is driven by customer demand.

**502.01 Temporary Wages: \$20,000** – This account provides expenditures for compensation paid to temporary salaried and hourly employees of the Telecommunications Division during peak workload conditions or to assist with special or temporary projects. These projects can include warehouse projects, tree trimming, trouble desk call support, flagging, etc.

**505.00 Payroll Taxes: \$377,418** – This account provides expenditures for employer contributions for Social Security and Medicare and other similar payroll related taxes.

**506.00 Pension: \$938,230** – This account provides expenditures for employer contributions to Alaska Public Employees Retirement System and the IBEW Alaska Health and Welfare Trust retirement plans.

**507.00 Health and Life Insurance: \$1,195,274** – This account provides expenditures for employer contributions to employee health and life insurance plans.

**507.30 Workers Compensation: \$74,330** – This account provides expenditures for employer contributions to workers compensation insurance.

**508.00 Other Benefits: \$145,764** – This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.

**509.04 Allowances-KPU Clothing: \$7,250** – This account provides expenditures for employer provided protective clothing allowances paid directly to represented employees of the Telecommunications Division pursuant to collective bargaining agreements or the Personnel Rules.

**509.07 Allowances - Moving Expense: \$15,000** – This account provides expenditures for direct payments or reimbursements to employees for expenditures incurred to relocate to Ketchikan.

**509.09 Allowances-Incentive Pay: \$5,000** – This account provides expenditures for employee incentive and suggestion programs. These benefits are taxable to the employees.

**510.01 Office Supplies: \$10,000** – This account provides expenditures for paper, pens, pencils, adding machine ribbons and tape, note pads, file folders, scotch tape, toner, ink cartridges, photocopy charges, small desk accessories and minor office equipment such as adding machines, staplers, comb binding machines and tape dispensers.

**KETCHIKAN PUBLIC UTILITIES****2024 Operating and Capital Budget****Telecommunications Division****Operations 5300**

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**510.02 Operating Supplies: \$26,000** – This account provides expenditures for supplies that are normally not of a maintenance nature and are required to support department operations. Included are supplies such as engineering materials, signage, printed supplies, and other supplies that do not meet the criteria of office supplies.

**510.03 Safety Program Supplies: \$19,000** – This account provides expenditures for safety information brochures, safety training audio and video programs, safety equipment, OSHA required medical exams, specialized protective safety clothing and traffic control signage.

**510.04 Janitorial Supplies: \$5,500** – This account provides expenditures for cleaning and sanitation supplies used by in-house and contracted janitors.

**510.05 Small Tools and Equipment: \$35,000** – This account provides expenditures for minor tools, operating and office equipment with a value of less than \$1,000. Included are hand tools, chain saws, blow torches, hydraulic jacks, sump pumps, computer accessories, space heaters, kitchen and dining equipment, radios, calculators, file cabinets and similar types of minor tools and equipment.

**510.07 Food & Catering: \$3,000** – This account provides expenditures for a small budget item to purchase food and refreshments to recognize special employee milestones such as retirement or other special occasions.

**515.01 Vehicle Maintenance Materials: \$25,000** – This account provides expenditures for the repair and maintenance of vehicles used by the Telecommunications Division. Included are licensed and unlicensed rolling stock and the division's small boat.

**515.02 Building and Grounds Maintenance Materials: \$15,000** – This account provides expenditures for materials required for the repair and maintenance of buildings and upkeep of the grounds owned or leased and operated by the Telecommunications Division.

**515.05 Infrastructure and Plant Maintenance Materials: \$750,000** – This account provides expenditures for materials required for the repair and maintenance of infrastructure and plants owned or leased by the division. Included are overhead and underground telecommunication facilities and telecommunications central and remote office facilities including DSL modems, hosted PBX systems, and Internet maintenance equipment and installation materials.

**520.02 Postage: \$1,000** – This account provides expenditures for postal related services such as postage, express delivery, mailing materials and the rent of post office boxes and postage machines.

**520.04 Freight – Materials and Supplies: \$55,000** – This account provides expenditures for shipping or transporting supplies and material to and from vendors.

**525.03 Heating Fuel: \$10,000** – This account provides expenditures for heating fuel to heat facilities owned or leased and operated by the division.

**525.04 Vehicle Motor Fuel and Lubricants: \$33,000** – This account provides expenditures for gasoline, diesel fuel, propane and lubricants for vehicles used by the division.

**530.02 Periodicals: \$1,500** – This account provides expenditures for the purchase of newspaper, magazine and trade journal subscriptions.

**530.03 Professional and Technical Publications: \$2,000** – This account provides expenditures for professional handbooks, labor related publications, technical manuals, telecommunications code standards and industry related periodicals.

**535.02 Business and Meal Expenses: \$1,250** – This account provides expenditures for reimbursements to employees for business and job related meals, mileage for use of personal vehicles and other business related expenses.

**535.04 Uniforms/Badges/Clothing: \$17,000** – This account provides expenditures for employer provided uniforms, badges, and clothing necessary for customer facing employee positions. These benefits are non-taxable to the employees.

**600.01 Travel-Business: \$49,500** – This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for business and trade meetings.

**600.02 Travel-Training: \$37,500** – This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for training.



## KETCHIKAN PUBLIC UTILITIES

### 2024 Operating and Capital Budget

#### Telecommunications Division

Operations 5300

**600.03 Training and Education: \$ 21,500** – This account provides expenditures for registration fees, training fees, training materials, tuition reimbursements and other incidental expenses associated with training and educating employees; and on-premises training programs provided by staff or third-parties.

**605.01 Ads and Public Announcements: \$54,000** – This account provides expenditures for advertising and announcements in publications, newspapers, trade journals, Internet or broadcasts over radio and television. Included are legal notices, public service announcements, community issues, recruiting, requests for proposals, contracts, directory yellow page advertising and advertisements for sales of property and equipment.

**605.02 Marketing: \$1,000** – This account provides expenditures for announcements in publications, newspapers, trade journals, Internet, or broadcasts over radio and television for marketing and promoting competitive services offered by the division.

**610.01 Community Promotion: \$4,000** – This account provides expenditures for the promotion of community activities and programs. Included are scholarships benefitting local high school students and donations to civic organizations, sport teams and hosting or sponsoring community events.

**610.02 Grant Awards: \$73,700** – This account provides expenditures for the Telecommunications Division's share of the City's Community Grant Program.

**615.02 Assn. Membership Dues & Fees: \$46,000** – This account provides expenditures for memberships in professional and trade associations such as the National Telecommunications Cooperative Association, Alaska Telecommunications Association, and Western Telecommunications Association. These industry organizations pool resources to influence regulations and coordinate legislative action plans. Additional memberships include the National Cable Television Cooperative, which provides the Telecommunications Division with much of its television content.

**630.01 Building and Operating Permits: \$230,000** – This account provides expenditures for permits for construction, right-of-ways, and easements and regulatory fees for operations. Included in this account are USAC USF contributions, Interstate TRS for hearing impaired fees and caller ID data dip fees.

**630.02 Vehicle Licenses: \$500** – This account provides expenditures for licensing the division's vehicles for operations on public highways.

**630.03 Bank & Merchant Fees: \$1,000** – This account provides expenditures for monthly bank account service charges, merchant fees for use of credit and debit cards, wire transfer fees and other fees for banking services.

**630.04 Broadcast Content Fees: \$1,600,000** – This account provides expenditures for the right to broadcast copyrighted intellectual property over the Telecommunications Division's IPTV network. Fees are generally paid on a per customer basis. Customer demand for existing and new programming services as well as programming rates negotiated with content providers determine what the Telecommunication Division must pay for its television content.

**635.02 Janitorial & Cleaning Services: \$25,000** – This account provides expenditures for services to clean facilities and equipment owned or leased by the division. Included are janitorial, carpet cleaning and laundry services.

**635.03 Vehicle Maintenance Services: \$15,000** – This account provides expenditures for the repair and maintenance of KPU vehicles by outside maintenance facilities. This account includes contract labor and materials required to provide the service.

**635.04 Software and Equipment Maintenance Services: \$700,000** – This account provides expenditures for maintenance agreements to support licensed software and equipment systems. All of the primary equipment platforms the Telecommunications Division utilizes in providing services to customers such as its access and switching platforms require specialized software and maintenance support agreements so that staff can keep current versions of software and have access to their support services for outages or other technical difficulties. Also included are software services to support the division's automated provisioning, end user and carrier billing systems.

**635.06 Building and Grounds Maintenance Services: \$25,000** – This account provides expenditure for the repair and maintenance of buildings and the upkeep of grounds owned or leased by the City/KPU. This account includes contract labor and materials required to provide the service.

**635.07 Machinery & Equipment Maintenance Services: \$5,000** – This account provides expenditures for the repair and maintenance of office equipment, machinery and other operating equipment owned or leased by the City/KPU. This account includes contract labor and materials required to provide the service. It also includes service maintenance agreements for equipment that does not require software support and are paid on either a fixed fee or fee based on usage.

**635.08 Infrastructure and Plant Maintenance Services: \$65,000** – This account provides expenditures for contractual services for the repair and maintenance of infrastructure owned or leased by the division. This account includes contract labor and materials required to provide the service. Included are overhead and underground telecommunication facilities and telecommunications central office.

**635.12 Technical Services: \$115,000** – This account provides expenditures for the cost of the division's email platform and after-hours 24/7 help desk support. It is critical to KPU customers that they have access to after-hours support to resolve service problem issues. This also covers the cost of after hours network monitoring so that KPU may be notified of any larger outages and respond promptly.

**635.14 Other Contractual Services: \$140,000** – This account provides expenditures for contractual services not identified in the account classifications under contractual services such as Signaling System 7 links and database charges, AECA tariff management, subsea fiber cable maintenance consortium and engineering design services.

**640.01 Legal and Accounting Services: \$30,000** – This account provides expenditures for legal and accounting services. Included are contract attorney services, audit services, accounting and financial services, arbitration services, specialized legal services for complex issues that cannot be addressed by the City's Legal Department and other legal services.

**640.02 Engineering & Architectural Services: \$335,000** – This account provides expenditures for engineering and consulting services such as professional engineering services to support the division's core network and Internet and hosted PBX infrastructure as well as any other specialized services that fall outside the scope of the division's current capabilities.

**640.04 Management and Consulting Services: \$130,000** – This account provides expenditures for management and consulting services. Included are project management, cost studies, rate studies, management studies and other management and consulting engagements requiring persons or firms with specialized skills and knowledge.

**645.01 Rents and Leases - Land and Buildings: \$185,000** – This account provides expenditures for the rent and lease of land and buildings. Included are offices, housing for temporary employees and space rental for events, storage yards and covered storage facilities. Both operating and capital leases are accounted for in this account.

**645.02 Rents and Leases - Machinery & Equip: \$2,000** – This account provides expenditures for the rent and lease of machinery & equipment.

**645.04 Rents and Leases – Infrastructure: \$2,650,000** – This account provides expenditures for the rent and lease of telecommunications facilities. Included are tower and transport leases for the division's 4G/LTE and microwave systems, subsea fiber cable consortium, cybersecurity, charges related to providing Internet connectivity, charges for DSL services, electric pole attachments and wholesale long distance minutes.

**650.01 Telecommunications: \$175,000** – This account provides expenditures for telecommunication services. Included are charges for wired and wireless telecommunications services, cell phones, Internet, long distance and toll-free numbers.

**650.02 Electric, Water, Sewer & Solid Waste: \$230,000** – This account provides expenditures for electric, water, sewer, and solid waste utility services.

**790.15 Furniture and Fixtures: \$10,000** – This account provides expenditures for acquisition of furniture and fixtures. Included are desks, chairs, tables, workstations, file cabinets, storage cabinets and building fixtures replaced as needed. Additional desks will be purchased for customer demonstrations.

**790.25 Machinery and Equipment: \$10,000** – This account provides expenditures for the acquisition of machinery and equipment usually composed of a complex combination of parts. Included are office equipment, computer equipment and operating equipment required to provide services or maintain capital assets.

**790.35 Software: \$1,000** – This account provides expenditures for any specialized software required for the division to effectively and efficiently manage the business.

**800.00 Interdepartmental Charges – Administrative: \$191,260** – This account provides expenditures for administrative and management services provided by the departments of the City Council, City Clerk, City Attorney and the administrative office of the City Manager.

**801.01 Interdepartmental Charges – Human Resources: \$138,680** – This account provides expenditures for human resource services provided by the Human Resources Division.

**802.00 Interdepartmental Charges - Finance: \$450,580** – This account provides expenditures for financial, accounting, payroll, accounts payable, billing, customer service and budgeting services provided by the Finance Department.

**803.01 Interdepartmental Charges – Information Technology: \$606,260** – This account provides expenditures for information technology services provided by the Information Technology Department.

**825.01 Interdepartmental Charges – Insurance: \$191,770** – This account provides expenditures for risk management services and claims.

**931.01 Debt Service-Principal: \$365,000** – This account provides expenditures for principal on bonds, loans, capital leases and other financing arrangements.

**932.01 Debt Service-Interest: \$381,550** – This account provides expenditures for interest on bonds, loans, capital leases and other financing arrangements.

**975.00 Payment in Lieu of Taxes: \$206,400** – This account provides expenditures for payments in lieu of taxes assessed against the enterprise funds of the City.

**BUDGET DEFINITIONS**

- ACME – ACME Telecom and Network Solutions is a vendor we purchase equipment from.
- AFC – Advanced Fiber Communication is a legacy vendor that supplied previous generation of DSL equipment.
- AOE – Advanced Operational Environment.
- AUP – Acceptable Use Policy: A policy which applies to customers and defines what is considered an acceptable use of their services purchased from KPU.
- CentOS – Community driven free computer operating system based on Linux.
- CER – Compact Edge Router: A router, manufactured and sold by Brocade, used to deliver IP services to KPU customers.
- DNS – Domain Name System: Assigns IP address' to devices.
- DU – Baseband Digital Unit: A component of the Ericsson 4G/LTE network, and part of the Verizon network.
- FTTH – Fiber to the Home.
- GR303 POTS – Legacy Plain Old Telephone Service (POTS) signaling system.
- IoT - Internet of Things.
- IPTV – Internet Protocol Television: Technology for delivering video content to customers utilizing Internet Protocol.
- ipv4 – Internet Protocol version 4: Fourth version of the Internet Protocol.
- IRU – Indefeasible Rights of Use: A permanent contractual agreement to use capacity on a network or facility.
- K71 – KPU remote equipment location within the City Hall building at 334 Front Street.
- MDU – Is a Multi Dwelling Unit of apartments, rooms, or businesses.
- MLX Core Router – A router manufactured and sold by Brocade, used to deliver IP services to KPU customers.
- MPEG – Moving Picture Experts Group (Video). MPEG-4 is Fourth Generation Video Encoding.
- NEC – NEC Corporation of America: Provides our microwave equipment platform.
- NTP Servers – Network Time Protocol: Similar to a BITS clock, it provides GPS timing to IP connected devices, such as routers, switches, and servers.
- ONT – An Optical Network Terminal is a network interface device used in fiber-optic systems.
- OSHA – Occupational Safety and Health Administration.
- PSAP – Public Safety Answering Point for receiving 911 calls.
- RINA – Rural Independent Network Alliance.
- SCADA – Supervisory Control and Data Acquisition: Control system for Electric and Water.
- SBC – Session Border Controller: Utilized to secure communications between the public internet and the division's voice infrastructure.
- SS7 - Signaling System 7: An out of band network that provides call connection and call routing information.
- SIP – Session Initiation Protocol: The protocol utilized to offer Voice in an IP network.

- SQL – Structured Query Language: Utilized for database manipulation
- SSID – Service Set Identifier is a unique ID used for naming wireless networks to insure digital data gets sent to the correct destination.
- STB – Set Top Box: For provision of television services at customer locations.
- TRS – Telecommunications Relay Service: System to enable communications for the hearing impaired.
- USF – Universal Service Fund: Federal fund to facilitate affordable communications in rural areas and schools and libraries.
- VMware – Virtual Machine Software: A software suite utilized to “virtualize” servers and platforms, allowing for hardware savings by running many different systems on a single platform.
- VTC – Service Activation Suite: Offered by CommSoft, VTC provides automation in provisioning, along with several troubleshooting and diagnostics tools.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Telecommunications Division**

**Capital Budget**

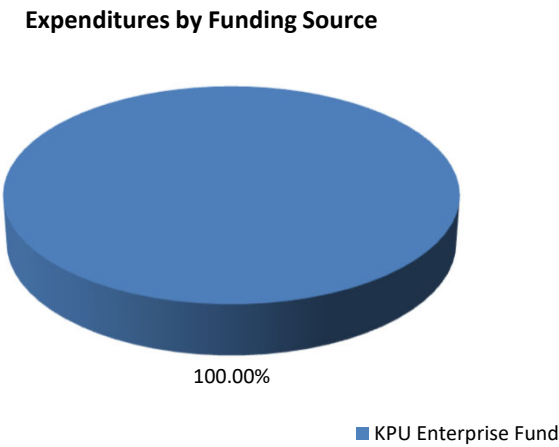
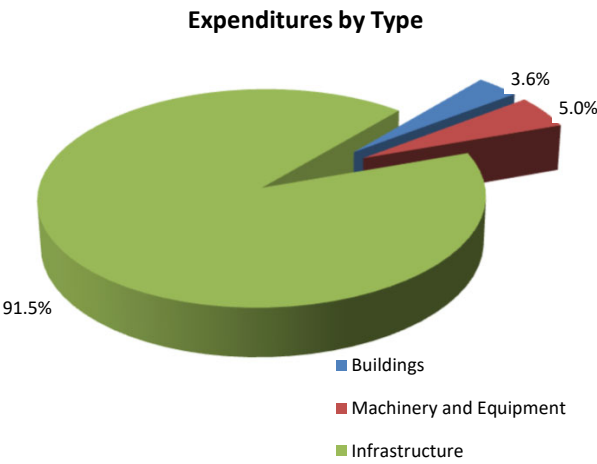
Major Capital Outlay	2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
705.00 Buildings	12,309	50,000	50,000	50,000	125,000	75,000	150.0%
720.00 Vehicles & Moving Equipment	-	350,000	350,000	350,000	303,000	(47,000)	-13.4%
725.00 Machinery and Equipment	77,635	160,000	110,000	110,000	175,000	15,000	9.4%
730.00 Infrastructure	1,001,658	3,998,500	4,048,500	3,372,000	3,217,265	(781,235)	-19.5%
740.00 Other Assets	69,662	-	-	-	-	-	NA
<b>Total Major Capital Outlay</b>	<b>1,161,264</b>	<b>4,558,500</b>	<b>4,558,500</b>	<b>3,882,000</b>	<b>3,820,265</b>	<b>(738,235)</b>	<b>-16.2%</b>

Capital Improvement Projects		Funding Sources			
Project #	Project	KPU Enterprise Fund	Grants	Bonds	Total
<b>705.00 Buildings</b>					
	Regulated				
	Normal Growth and Repair - Buildings	125,000			125,000
	<b>Total Buildings</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>125,000</b>
<b>720.00 Vehicles and Moving Equipment</b>					
	Vehicle Acquisition	303,000			303,000
	<b>Total Vehicles and Moving Equipment</b>	<b>303,000</b>	<b>-</b>	<b>-</b>	<b>303,000</b>
<b>725.00 Machinery and Equipment</b>					
	Regulated				
	PC Hardware and Software	75,000			75,000
	Operating Equipment	100,000			100,000
	<b>Total Machinery and Equipment</b>	<b>175,000</b>	<b>-</b>	<b>-</b>	<b>175,000</b>
<b>730.00 Infrastructure</b>					
	Regulated				
	Normal Growth and Repair - CO Switching	100,000			100,000
	Normal Growth and Repair - Copper Cable	160,000			160,000
	Normal Growth and Repair - Fiber Cable	252,500			252,500
	Normal Growth and Repair - CO Transmission	252,500			252,500
	Normal Growth and Repair - Expansion	25,000			25,000
	Normal Growth and Repair - Provisioning	15,000			15,000
	Fiber to the Home	404,000			404,000
	Remote Cabinets for Advanced Services	50,000			50,000
	Core Network Upgrades	150,000			150,000
	Server Environment	100,000			100,000
	Multi-Dwelling Unit Projects	150,000			150,000
	Power Expansion/Reclamation	75,000			75,000
	Visual Mapping Software	25,000			25,000
	Network Monitoring	100,000			100,000
	Security	75,000			75,000

KETCHIKAN PUBLIC UTILITIES  
 2024 Operating and Capital Budget  
 Telecommunications Division

Capital Budget

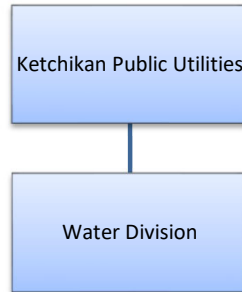
2023 Capital Improvement Projects (continued)		Funding Sources			
		KPU Enterprise Fund	Grants	Bonds	Total
Project #	Project				
730.00 Infrastructure (continued)					
	Non-Regulated				
	Headend Expansion	50,000			50,000
	Video Set Top Boxes	-			-
	4G/LTE	200,000			200,000
	Hosted	150,000			150,000
	WiFi	50,000			50,000
	Internet Expansion	150,000			150,000
	KetchCan1 Subsea Cable Repair	683,265			683,265
	Total Infrastructure	3,217,265	-	-	3,217,265
	Total Capital Budget	3,820,265	-	-	3,820,265



**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Water Division**

**Summary**

The Water Division is one of three utilities operated by Ketchikan Public Utilities, a non-regulated public utility owned by the City of Ketchikan. The Water Division serves approximately 3,330 customers.



The Water Division operates one division and oversees one Capital Improvement Program.

DEPARTMENT EXECUTIVE SUMMARY							
Divisions/Cost Center/Programs	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operations	3,686,091	4,152,861	4,288,782	4,223,769	5,092,911	940,050	22.6%
Capital Improvement Program	206,938	2,248,020	2,224,020	866,438	2,486,238	238,218	10.6%
<b>Total</b>	<b>3,893,029</b>	<b>6,400,881</b>	<b>6,512,802</b>	<b>5,090,207</b>	<b>7,579,149</b>	<b>1,178,268</b>	<b>18.4%</b>

Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	1,798,661	1,993,880	2,013,730	2,045,745	2,432,398	438,518	22.0%
Supplies	278,956	308,617	330,617	322,377	320,777	12,160	3.9%
Contract/Purchased Services	390,338	508,400	597,511	565,145	536,250	27,850	5.5%
Minor Capital Outlay	2,545	13,000	13,000	13,000	7,650	(5,350)	-41.2%
Interdepartmental Charges	403,105	523,618	528,578	472,156	613,000	89,382	17.1%
Debt Service	614,837	607,746	607,746	607,746	985,236	377,490	62.1%
Payment in Lieu of Taxes	197,649	197,600	197,600	197,600	197,600	-	0.0%
Major Capital Outlay	206,938	2,248,020	2,224,020	866,438	2,486,238	238,218	10.6%
<b>Total</b>	<b>3,893,029</b>	<b>6,400,881</b>	<b>6,512,802</b>	<b>5,090,207</b>	<b>7,579,149</b>	<b>1,178,268</b>	<b>18.4%</b>

Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	3,893,029	5,549,361	5,661,282	5,057,310	6,610,526	1,061,165	19.1%
Bonds	-	851,520	851,520	32,897	968,623	117,103	13.8%
<b>Total</b>	<b>3,893,029</b>	<b>6,400,881</b>	<b>6,512,802</b>	<b>5,090,207</b>	<b>7,579,149</b>	<b>1,178,268</b>	<b>18.4%</b>

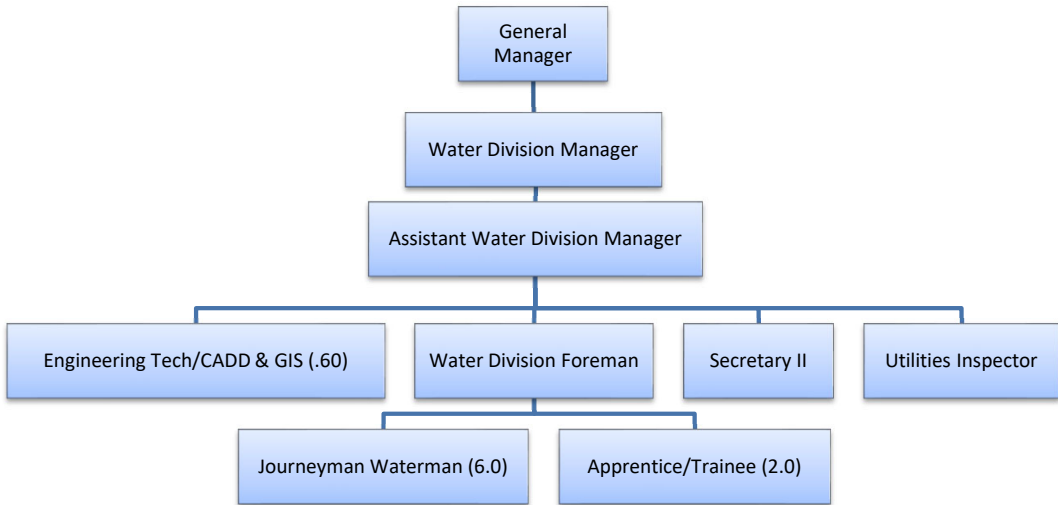
  

Personnel	2022	2023 Budget		2024		2023 Adopted/2024	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
Operations	13.60	13.60	13.60	14.60	1,413,748	1.00	7.4%
<b>Total</b>	<b>13.60</b>	<b>13.60</b>	<b>13.60</b>	<b>14.60</b>	<b>1,413,748</b>	<b>1.00</b>	<b>7.4%</b>



MISSION STATEMENT

The Water Division is committed to providing residents and businesses of Ketchikan with pure and safe potable water as may be required for residential, commercial and industrial purposes. In order to achieve this goal, the division is responsible for the maintenance and operation of more than 33 miles of distribution system within the municipality, several reservoirs and associated pump stations. Daily tasks of the Water Division include continuous monitoring and chemical testing to ensure water purity and quality at all times. The Water Division stands ready to assist its customers as efficiently and effectively as possible within guidelines established by federal and state law, the Charter of the City of Ketchikan, the Ketchikan Municipal Code and the ratepayers of the Utility as represented by the City Council.



GOALS FOR 2024

- Continue to seek a Limited Alternative to Filtration (LAF) as provided by the Federal Safe Drinking Water Act Amendments by working with consultants as well as State and Federal regulators and legislators. Ketchikan already meets both of the qualifying criteria: an uninhabited, undeveloped watershed that is access controlled by the the utility operating the system; and Ketchikan already has a current treatment system that is providing a higher level of treatment through the use of UV, free chlorine, and chloramine disinfection than would even be required should an entirely new water filtration system be constructed.
- Continue to take whatever actions are necessary for Ketchikan to comply with the latest amendments to the Safe Drinking Water Act while meeting the requirements of the US EPA's Administrative Order that allows Ketchikan to remain as an unfiltered system while the LAF is sought. Demonstrate to the satisfaction of customers and regulatory agencies that the UV Disinfection and Chloramination Facility has achieved all of its objectives and is delivering safe, potable water to the ratepayers. This includes enforcement of the Utility's cross-connection program and requiring backflow preventers wherever the possibility of contamination exists.
- Achieving the goal of having all of the businesses, commercial buildings, and large residential apartment complexes within the service area fully metered before the end of 2024 will require continued significant effort in another construction contract as there are still approximately 225 unmetered businesses, commercial buildings,and large residential apartment complexes remaining. The reporting procedure itself consists of each node interrogating its associated water meter hourly and then reporting the results to one of KPU's nearby Cooper Power "smart" electric meters which in turn transmits the water flow measurements to the Electric Division. Ultimately, this water consumption information will be transmitted to Finance's New World Financial Management System for the purpose of preparing monthly billings to our ratepayers. Once our backordered radio-frequency nodes finally arrived, KPU employees are continuing to install nodes in the remainder of the additional meters are already installed in the commercial downtown area. In addition, before this entire project becomes fully operational in 2024, the 2016 Water/ Wastewater Rate Study will need to be updated or a new study commissioned as well as amendments made to the Ketchikan Municipal Code.

**ACCOMPLISHMENTS FOR 2024**

**Filtration-Avoidance and Limited Alternative to Filtration Solution**

At its meeting of May 20, 2021 the City Council approved the draft Compliance Order by Consent (COBC) prepared by the Alaska Department of Environmental Conservation (ADEC). It contains provisions that KPU must demonstrate in order to qualify for a Limited Alternative to Filtration (LAF). They are:

- a. The system has “uninhabited, undeveloped watersheds in consolidated ownership.”
- b. The system has control over both “access to, and activities in, those watersheds.”
- c. The system’s source water quality and the alternative treatment requirements established by the state must ensure greater removal or inactivation efficiencies of pathogens than would otherwise result from the treatment requirements stipulated by regulations.

The division engaged Jacobs Engineering for professional services supporting Ketchikan attaining a LAF. The Tasks include preparations of a Watershed Control Program, a Source Water Quality Study, a Water Treatment Report, and Provisions for Public Involvement in the COBC as set out by the EPA, and a report demonstrating how Ketchikan’s present disinfection process already exceeds the requirements of national drinking water regulations. All of these studies and reports have been completed and delivered to ADEC. As the primacy agency, ADEC has determined that KPU does qualify for the approval of a Limited Alternative to Filtration (LAF) as provided in the Safe Drinking Water Act. The State Decision Document concluded that KPU has demonstrated the current treatment system is operated in a manner that maximizes pathogen inactivation, meets all of the requirements of the Surface Water Treatment Rules (SWTR) and limits the formation of disinfection byproducts (DBPs). Therefore, KPU meets the requirements of the LAF provision by demonstrating a higher level of pathogen removal/inactivation than required by the filtration and disinfection standards of the SWTRs.

Final LAF approval still depends upon the EPA’s approval of ADEC’s acknowledgement that each of KPU’s five submitted Action Item studies have fully met the provisions listed in Ketchikan’s COBC, the EPA makes an affirmative decision that the utility is to receive a LAF, and ADEC must adopt LAF provisions which do not exist today into the Alaska Drinking Water Regulations.

On May 18<sup>th</sup>, EPA Region 10 representatives flew to Ketchikan to see with their own eyes KPU’s disinfection process and our municipal watershed. They acknowledged that, after reviewing the reports already submitted by Ketchikan, that significant effort has already been made to demonstrate why the request for a LAF is appropriate. However, they also cautioned that the EPA must have full documentation of how Ketchikan’s system will be in full compliance with all LAF requirements and their technical staff must be prepared for any challenges to a favorable decision for a LAF. They also mentioned that the EPA will need a couple of months to complete their LAF evaluation. Since their visit, no questions or comments have been received from the EPA.

**Schoenbar Road Raw Water Main Replacement - Contract 21-01**

Contract 21-01 was awarded by the City Council on October 7, 2021 to BAM LLC to replace a failing portion of KPU’s existing 36-inch raw water transmission main located in Schoenbar Road. After winter weather had subsided and the necessary construction materials arrived, BAM LLC began their construction on April 18, 2022 installing a single, permanent 42-inch HDPE pipeline located between the southwesterly edge of Norman Walker Field (adjacent to Park Avenue parking area), and the Ketchikan Charter School. Beginning at the westerly edge of Norman Walker Field, it crosses above Schoenbar Creek adjacent to where Schoenbar Creek’s 96-inch multi-plate culvert begins, and then remain buried under Schoenbar Middle School’s driveway, passing beneath the School District’s Maintenance Shop parking area and the Ketchikan Charter School’s playground before reconnecting to the remainder of the existing raw water transmission main.

Once school was over for the summer, BAM Construction began in May by installing the two massive tie-ins at each end of the construction project. New 42-inch wyes were cut into the existing 36-inch ductile iron pipe in the vicinity of the Valley Park field and Ketchikan Charter School followed by excavation and installation of a segment of HDPE pipe through the Charter School’s parking lot, extending eastward adjacent to Schoenbar Middle School. By early September, the crossing of Schoenbar Creek and Schoenbar Road was completed and the final HDPE segment installed across Norman Walker Field and connected to the other 42-inch wye. After cleanup and flushing the new segment of 42-inch HDPE raw water main, isolating the failing portion of the 36-inch raw water main, the new portion began service in late October. A very difficult and complex job, it was completed on time and under budget.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Water Division**

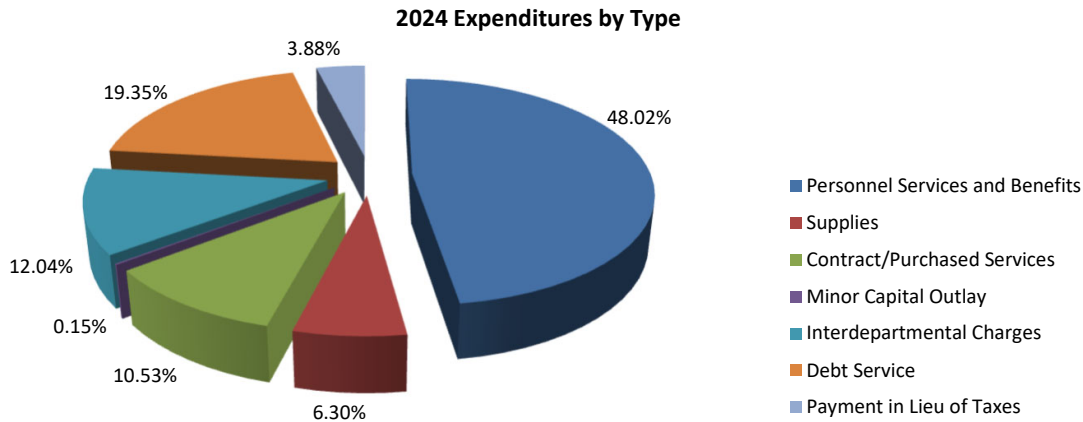
**Operations 5400**

**DIVISION SUMMARY**

Expenditures by Category	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	1,798,661	1,993,880	2,013,730	2,045,745	2,432,398	438,518	22.0%
Supplies	278,956	308,617	330,617	322,377	320,777	12,160	3.9%
Contract/Purchased Services	390,338	508,400	597,511	565,145	536,250	27,850	5.5%
Minor Capital Outlay	2,545	13,000	13,000	13,000	7,650	(5,350)	-41.2%
Interdepartmental Charges	403,105	523,618	528,578	472,156	613,000	89,382	17.1%
Debt Service	614,837	607,746	607,746	607,746	985,236	377,490	62.1%
Payment in Lieu of Taxes	197,649	197,600	197,600	197,600	197,600	-	0.0%
<b>Total Expenditures</b>	<b>3,686,091</b>	<b>4,152,861</b>	<b>4,288,782</b>	<b>4,223,769</b>	<b>5,092,911</b>	<b>940,050</b>	<b>22.6%</b>

Funding Source	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	3,686,091	4,152,861	4,288,782	4,223,769	5,092,911	940,050	22.6%
<b>Total Funding</b>	<b>3,686,091</b>	<b>4,152,861</b>	<b>4,288,782</b>	<b>4,223,769</b>	<b>5,092,911</b>	<b>940,050</b>	<b>22.6%</b>

Personnel	2022	2023 Budget		2024		2023 Adopted/2024	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
Water Division Manager	1.00	1.00	1.00	1.00	142,999	-	0.0%
Assistant Water Division Manager	1.00	1.00	1.00	1.00	136,108	-	0.0%
Foreman	1.00	1.00	1.00	1.00	120,340	-	0.0%
Journeyman Waterman	6.00	6.00	6.00	6.00	603,018	-	0.0%
Apprentice/ Trainee	2.00	2.00	2.00	3.00	226,506	1.00	50.0%
Utility Inspector	1.00	1.00	1.00	1.00	77,512	-	0.0%
Eng Tech/KPU-CADD & GIS	0.60	0.60	0.60	0.60	47,205	-	0.0%
Secretary II	1.00	1.00	1.00	1.00	60,060	-	0.0%
<b>Total</b>	<b>13.60</b>	<b>13.60</b>	<b>13.60</b>	<b>14.60</b>	<b>1,413,748</b>	<b>1.00</b>	<b>7.4%</b>



#### OPERATING BUDGET CHANGES FOR 2024

Changes between the adopted operating budget for 2023 and the proposed operating budget for 2024 where a line item's increase or decrease is more than \$5,000 and more than 5% from the prior year are discussed below:

- Personnel Services and Benefits increased by \$438,518, or by 22.0%, as a result of one Apprentice position; annual employee step increases for employees in graded positions; the KPU IBEW Collective Bargaining Agreement, a 4.0% cost of living adjustment for non-represented employees that will become effective January 1, 2024; and projected increases in pension, health insurance and other benefits costs.
- Machinery & Equipment Maintenance Materials (Account No. 515.04) increased by \$20,000, or by 33.3% to reflect that additional expenditures in 2023 occurred, and that additional increases can be expected to continue into 2024. These will be necessary to maintain the division's critical instrumentation, pumps, and UV disinfection equipment that together are providing the community with pure, safe, potable water.
- Machinery & Equipment Maintenance Services (Account No. 635.07) decreased by \$6,000, or by 30.0% to better reflect annual expenditures for the usual vehicle repairs, and still allow for the anticipated funding necessary in 2024 to rebuild the division's Kubota backhoe.
- Infrastructure Maintenance Services (Account No. 635.08) increased by \$38,000 or by 73.1% to reflect the additional expenditures that have been necessary in 2023 to keep the division's infrastructure fully operational. Just the cost of the necessary asphalt repavement after the repairs were completed exceeded \$80,000.
- Computers, Printers and Copiers (Account No. 790.26) decreased by \$5,350, or by 41.2%, to reflect the recommended replacements by the IT department.
- Interdepartmental Charges increased by \$89,382, or by 17.1%, due to increased insurance premiums and increased costs associated with service provided by City departments to the Water Division.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Water Division**

**Operations 5400**

DIVISION OPERATING BUDGET DETAIL								
Operating Expenditures			2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024 Incr(Decr) %
				Adopted	Amended	Estimate		
<b>Personnel Services and Benefits</b>								
500	.01	Regular Salaries and Wages	1,027,851	1,155,850	1,127,540	1,124,010	1,413,748	257,898 22.3%
500	.05	Longevity Pay	-	-	-	32,500	34,950	34,950 new
501	.01	Overtime Wages	135,404	79,100	116,000	116,000	79,100	- 0.0%
505	.00	Payroll Taxes	87,025	94,480	94,480	96,110	116,885	22,405 23.7%
506	.00	Pension	226,197	215,170	234,600	240,900	283,505	68,335 31.8%
507	.00	Health and Life Insurance	312,824	359,250	349,670	345,460	404,890	45,640 12.7%
507	.30	Workers Compensation	24,110	27,320	28,310	28,310	33,967	6,647 24.3%
508	.00	Other Benefits	(16,640)	59,860	59,860	59,860	62,083	2,223 3.7%
509	.04	Allowances-KPU Clothing	1,890	2,100	2,520	2,520	2,520	420 20.0%
509	.08	Allowances-Medical Expenses	-	750	750	75	750	- 0.0%
<b>Personnel Services and Benefits</b>			<b>1,798,661</b>	<b>1,993,880</b>	<b>2,013,730</b>	<b>2,045,745</b>	<b>2,432,398</b>	<b>438,518 22.0%</b>
<b>Supplies</b>								
510	.01	Office Supplies	3,054	3,500	3,500	3,500	3,500	- 0.0%
510	.02	Operating Supplies	7,978	6,000	6,000	6,000	6,000	- 0.0%
510	.03	Safety Program Supplies	3,311	3,500	3,500	3,000	3,500	- 0.0%
510	.04	Janitorial Supplies	-	450	450	300	450	- 0.0%
510	.05	Small Tools & Equipment	4,034	5,000	5,000	5,000	5,000	- 0.0%
510	.06	Chemicals	88,179	90,000	90,000	90,000	90,000	- 0.0%
515	.01	Vehicle Maintenance Materials	8,129	15,000	15,000	12,000	13,500	(1,500) -10.0%
515	.02	Building & Grounds Maint Materials	3,716	5,000	5,000	3,500	5,000	- 0.0%
515	.04	Machinery & Equip Maint Materials	51,106	60,000	82,000	82,000	80,000	20,000 33.3%
515	.05	Infrastructure & Plant Maint Materials	87,759	95,000	95,000	95,000	95,000	- 0.0%
520	.02	Postage	(56)	200	200	200	150	(50) -25.0%
520	.03	Bulk Mailing	1,877	4,000	4,000	3,300	500	(3,500) -87.5%
520	.04	Freight-Materials & Supplies	1,011	3,000	4,000	4,000	2,500	(500) -16.7%
525	.04	Vehicle Motor Fuel & Lubricants	17,101	16,000	15,000	13,000	14,000	(2,000) -12.5%
525	.07	Machinery & Equip Fuel & Lubricants	602	400	400	400	400	- 0.0%
530	.02	Periodicals	167	167	177	177	177	10 6.0%
530	.03	Professional & Technical Publications	988	1,200	1,190	1,000	1,000	(200) -16.7%
535	.02	Business and Meal Expenses	-	200	200	-	100	(100) -50.0%
<b>Supplies</b>			<b>278,956</b>	<b>308,617</b>	<b>330,617</b>	<b>322,377</b>	<b>320,777</b>	<b>12,160 3.9%</b>

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Water Division**

**Operations 5400**

Operating Expenditures	2022	2023 Budget			2024	2023 Adopted/2024	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
<b>Contract/Purchased Services</b>							
600 .02 Travel-Training	-	750	750	-	750	-	0.0%
600 .03 Training and Education	567	4,000	4,000	1,400	3,250	(750)	-18.8%
605 .01 Advertising and Public Announcements	275	1,200	1,200	1,200	1,200	-	0.0%
605 .02 Advertising and Publishing - Marketing	-	750	750	-	750	-	0.0%
610 .02 Grant Awards	17,863	21,600	21,600	20,118	22,700	1,100	5.1%
615 .01 Professional Licenses & Fees	2,675	1,500	1,500	600	1,500	-	0.0%
615 .02 Assn. Membership Dues & Fees	1,974	2,000	3,000	3,000	2,000	-	0.0%
630 .01 Building & Operating Permits	685	500	500	150	500	-	0.0%
630 .02 Vehicle Licenses	47	100	100	100	100	-	0.0%
635 .04 Software Maintenance Services	11,608	15,000	14,000	12,000	12,000	(3,000)	-20.0%
635 .06 Bldg & Grounds Maintenance Services	3,628	5,000	4,925	4,500	5,000	-	0.0%
635 .07 Machinery & Equipment Maint Services	995	20,000	15,980	10,825	14,000	(6,000)	-30.0%
635 .08 Infrastructure Maintenance Services	74,185	52,000	106,454	105,000	90,000	38,000	73.1%
635 .12 Technical Services	40,098	60,000	55,000	50,000	57,500	(2,500)	-4.2%
640 .02 Engineering & Architectural Services	17,199	90,000	108,752	108,752	90,000	-	0.0%
645 .02 Rents and Leases-Machinery & Equip	3,305	13,000	13,000	6,500	10,000	(3,000)	-23.1%
650 .01 Telecommunications	37,745	36,000	61,000	61,000	40,000	4,000	11.1%
650 .02 Electric, Water, Sewer & Solid Waste	177,489	185,000	185,000	180,000	185,000	-	0.0%
<b>Contract/Purchased Services</b>	<b>390,338</b>	<b>508,400</b>	<b>597,511</b>	<b>565,145</b>	<b>536,250</b>	<b>27,850</b>	<b>5.5%</b>
<b>Minor Capital Outlay</b>							
790 .26 Computers, Printers and Copiers	2,545	13,000	13,000	13,000	7,650	(5,350)	-41.2%
<b>Minor Capital Outlay</b>	<b>2,545</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>	<b>7,650</b>	<b>(5,350)</b>	<b>-41.2%</b>
<b>Interdepartmental Charges</b>							
800 .00 Interdepartmental-Administrative	51,617	61,380	61,380	56,090	58,850	(2,530)	-4.1%
801 .01 Interdepartmental-Human Resources	21,054	27,770	27,770	26,160	33,900	6,130	22.1%
802 .00 Interdepartmental-Finance	116,989	137,090	137,090	125,500	138,640	1,550	1.1%
803 .01 Interdepartmental-Information Tech	51,253	77,630	77,630	70,640	121,260	43,630	56.2%
804 .01 Interdepartmental-Engineering	78,180	118,000	118,000	91,000	137,000	19,000	16.1%
825 .01 Interdepartmental-Insurance	59,976	69,510	74,470	74,470	90,010	20,500	29.5%
850 .04 Interdepartmental-Bldg Rent	24,036	32,238	32,238	28,296	33,340	1,102	3.4%
<b>Interdepartmental Charges</b>	<b>403,105</b>	<b>523,618</b>	<b>528,578</b>	<b>472,156</b>	<b>613,000</b>	<b>89,382</b>	<b>17.1%</b>
<b>Debt Service</b>							
931 .01 Debt Service-Principal	505,152	512,761	512,761	512,761	795,291	282,530	55.1%
932 .01 Debt Service-Interest	109,685	94,985	94,985	94,985	189,945	94,960	100.0%
<b>Debt Service</b>	<b>614,837</b>	<b>607,746</b>	<b>607,746</b>	<b>607,746</b>	<b>985,236</b>	<b>377,490</b>	<b>62.1%</b>
<b>Other Costs</b>							
975 .00 Payment in Lieu of Taxes	197,649	197,600	197,600	197,600	197,600	-	0.0%
<b>Other Costs</b>	<b>197,649</b>	<b>197,600</b>	<b>197,600</b>	<b>197,600</b>	<b>197,600</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenditures by Type</b>	<b>3,686,091</b>	<b>4,152,861</b>	<b>4,288,782</b>	<b>4,223,769</b>	<b>5,092,911</b>	<b>940,050</b>	<b>22.6%</b>

NARRATIVE

**500.01 Regular Salaries and Wages: \$1,413,748** - This account provides expenditures for the cost of the annual wages of the employees of the Water Division.

**500.05 Longevity Pay: \$34,950** - Employees may be awarded a bonus upon their anniversary to recognize employees who have remained with the City and KPU for at least 15 years.

**501.01 Overtime Wages: \$79,100** - This account provides expenditures for the cost of overtime incurred by employees of the Water Division during the course of the year.

**505.00 Payroll Taxes: \$116,885** - This account provides expenditures for employer contributions for Social Security, Medicare, and other similar payroll related taxes.

**506.00 Pension: \$283,505** - This account provides expenditures for employer contributions to retirement plans.

**507.00 Health and Life Insurance: \$404,890** - This account provides expenditures for employer contributions to employee health and life insurance plans.

**507.30 Workers Compensation: \$33,967** - This account provides expenditures for employer contributions to workers compensation.

**508.00 Other Benefits: \$62,083** - This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.

**509.04 Allowances-KPU Clothing: \$2,520** - This account provides expenditures for employer provided protective clothing allowances paid directly to represented employees of Ketchikan Public Utilities pursuant to collective bargaining agreements or the Personnel Rules.

**509.08 Allowances-Medical Expenses: \$750** - This account provides expenditures for employee medical exams paid directly to employees. These benefits are taxable to the employees.

**510.01 Office Supplies: \$3,500** - This account provides expenditures for the purchase of expendable office supplies used by the division during the course of a year. Included are supplies such as copy and large format plotter paper, toner, ink and fax cartridges, staples, etc.

**510.02 Operating Supplies: \$6,000** - This account provides expenditures for supplies that are normally not of a maintenance nature and are required to support department operations. Included are supplies such as laboratory supplies, chemical testing equipment and engineering materials.

**510.03 Safety Program Supplies: \$3,500** - This account provides expenditures for the purchase of materials and supplies required to conduct an ongoing safety program for the Water Division.

**510.04 Janitorial Supplies: \$450** - This account provides expenditures for the cost of janitorial supplies utilized by the Water Division during the course of the year.

**510.05 Small Tools and Equipment: \$5,000** - This account provides expenditures for the purchase and/or replacement of small tools and equipment used by the division.

**510.06 Chemicals: \$90,000** - This account provides expenditures for the purchase of the various chemicals including salt, soda ash, phosphoric acid and ammonium hydroxide that are used for water disinfection and treatment.

**515.01 Vehicle Maintenance Materials: \$13,500** - This account provides expenditures for the cost to maintain the division's vehicles and operating equipment and its share of operating the Electric Division's vehicle maintenance facility.

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### 2024 Operating and Capital Budget

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**515.02 Building & Grounds Maintenance Materials: \$5,000** - This account provides expenditures for the cost of materials used by staff for the repair and maintenance of the division's buildings. The buildings operated by the division include the Water Warehouse, the UV Disinfection Facility, the Chlorination Plant, the Ammonia Addition Building, the Two-Point Chlorination Facility and the four water pump station structures including their six associated reservoirs.

**515.04 Machinery & Equipment Maintenance Materials: \$80,000** - This account provides expenditures for the cost of materials for the repair and maintenance of the division's machinery and other operating equipment. Examples include such items as rebuild kits for specialized chemical feed pumps, the bearings, seals, couplings, and other parts used in rebuilding large pumps; the consumable parts and lamps used in the UV disinfection equipment; and the associated operating equipment and storage tanks installed at the three disinfection facilities.

**515.05 Infrastructure Maintenance Materials: \$95,000** - This account provides expenditures for materials required for the repair and maintenance of Water Division infrastructure and plants owned by KPU. Included are the three disinfection and chemical addition facilities, all of the water mains located throughout the community, the four pump stations and their six associated reservoirs and the Carlanna Lake Dam.

**520.02 Postage: \$150**- This account provides expenditures for the cost of mailing division correspondence.

**520.03 Bulk Mailing: \$500**- This account provides expenditures for bulk mailings to KPU ratepayers including mailing the annual Consumer Confidence Report providing relevant water quality information to all ratepayers as required by EPA Regulations.

**520.04 Freight-Materials & Supplies: \$2,500** - This account provides expenditures for freight expenses incurred with inventory purchases.

**525.04 Vehicle Motor Fuel and Lubricants: \$14,000** - This account provides expenditures for the purchase of fuel and lubricants used for the operations of the division's vehicles.

**525.07 Machinery & Equipment Fuel and Lubricants: \$400** - This account provides expenditures for the purchase of fuel and lubricants used for the operation of the division's standby generators located at the Chlorination Plant and the UV Disinfection Facility.

**530.02 Periodicals: \$177** - This account provides expenditures for the division's subscription to the *Ketchikan Daily News*.

**530.03 Professional and Technical Publications: \$1,000** - This account provides expenditures for the purchase of professional and technical publications. Included are engineering journals, textbooks and relevant water technical standards.

**535.02 Business and Meal Expenses: \$100** - This account provides expenditures for reimbursements to employees for business related meal expenses.

**600.02 Travel-Training: \$750** - While this account provides expenditures for the cost associated with training travel incurred by the division.

**600.03 Training and Education: \$3,250** – This account provides expenditures for the annual cost of EPA required training of Water Division personnel. Regulations mandate that the operating staff maintain their current distribution and treatment certifications through annual continuing education credits. Rather than send those employees outside, it is much more cost effective for the division to bring a qualified instructor to Ketchikan and conduct the classes here. The only exception would be for those employees whose educational needs are best met by attendance at a specific technical class being held within the Pacific Northwest metropolitan area.

**605.01 Ads and Public Announcements: \$1,200** - This account provides expenditures for advertising and public announcements in publications, newspapers, trade journals, Internet or broadcasts over radio and television.

**605.02 Advertising and Marketing: \$750** - This account provides expenditures for the cost of all division related advertising and communications with the Utility's customers including funding for radio spots and newspaper ads to inform ratepayers of important



## KETCHIKAN PUBLIC UTILITIES

### 2024 Operating and Capital Budget

#### Water Division

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news of changed conditions or public health implications. Other expenditures include the monthly charges for the telephone directory, street closures due to water main repairs and the advertising of contracts for bid.

**610.02 Grant Awards: \$22,700** - This account provides expenditures for the Water Division's share of the City's Community Grant Program.

**615.01 Professional Licenses and Technical Certifications: \$1,500** – This account provides expenditures for the renewal cost of the State of Alaska distribution and treatment certifications as required by EPA regulations for each of the division's operating employees in the performance of his or her duties.

**615.02 Assn. Membership Dues & Fees: \$2,000** – This account provides expenditures for division memberships in the American Water Works Association, its associated Alaska counterpart, Alaska Water Wastewater Management Association, and the Alaska Rural Water Association.

**630.01 Building and Operating Permits: \$500** - This account provides expenditures for permits required for ADEC regulatory functions including plan review, certificates to operate new construction, annual fees for Ketchikan and Carlanna Lakes water rights and the State of Alaska's annual filtration avoidance inspection.

**630.02 Vehicle Licenses: \$100** – This account provides expenditures for licensing KPU vehicles for operation on public highways.

**635.04 Software Maintenance Services: \$12,000** – This account provides expenditures for acquisition of software systems and upgrades covered by maintenance agreements.

**635.06 Buildings and Grounds Maintenance Services: \$5,000** - This account provides expenditures for contractual services including labor and materials required for the repair and maintenance of buildings and the upkeep of grounds used by the division. The buildings operated by the division include the Water Warehouse, the UV Disinfection Facility, the Chlorination Plant, the Ammonia Addition Building, the Two-Point Chlorination Facility and the four water pump station structures including their six associated reservoirs.

**635.07 Machinery and Equipment Maintenance Services: \$14,000** - This account provides expenditures for contractual services including labor and materials for the repair and maintenance of the division's machinery and other operating equipment and maintenance service agreements. Included are hydraulic breakers and gasoline powered tools, specialized chemical feed pumps, the pumps, motors, and switch gear installed in each pump station, operating equipment and storage tanks installed at the three disinfection facilities and the recalibration of hazardous gas monitors.

**635.08 Infrastructure Maintenance Services: \$90,000** - This account provides expenditures for contractual services including labor and materials required for the repair and maintenance of the division's infrastructure. Contractual repair items include pavement and sidewalk restoration after water main or hydrant repairs are completed, chain-link security fencing and emergency standby generator repair.

**635.12 Technical Services: \$57,500** - This account provides expenditures for services that are not regarded as professional but require technical or specialized knowledge. This account also provides funding for the extensive certified and independent laboratory water testing as required throughout the year as well as repair or replacement of specialized operating equipment and its control instrumentation.

**640.02 Engineering and Architectural Services: \$90,000** - This account provides expenditures for engineering and architectural services in support of the division's efforts to comply with federal and state water quality regulations.

**645.02 Rents and Leases - Machinery & Equipment: \$10,000** - This account provides expenditures for the rent and lease of machinery and equipment. While the Schoenbar Water Transmission Main replacement segment will be likely be completed in 2022, further remedial repairs will be required to other existing main throughout the community. This account provides funds to rent rather than purchase seldom-used equipment needed in water main reconstruction or repair projects.

**650.01 Telecommunications: \$40,000** - This account provides expenditures for telecommunication services. In addition to

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telecommunications used by the division's staff, telephone lines are used to provide direct instrument communication links between the division's pump stations and their associated reservoirs including operational alarms that report through the SCADA system located at the Bailey Power House. Additionally, operational fiber optic links are now providing direct communication and control between the UV Disinfection Facility, the Two-Point Chlorination Facility, the Ammonia Addition Facility and the Chlorination Plant. The equipment and instrumentation installed within each facility and the new camera monitoring the locked gate installed across the Ketchikan Lakes Watershed access road are all continuously monitored through KPU's SCADA system.

**650.02 Electric, Water, Sewer & Solid Waste: \$185,000** - This account provides expenditures for electric, water, sewer and solid waste utility services used by the division.

**790.26 Computers, Printers, and Copiers: \$7,650** - This account provides expenditures for the replacement of the items recommended for replacement by the Information Technologies (IT) department, including two computers, two monitors, one laptop and one battery backup (UPS).

**800.00 Interdepartmental Charges – Administrative: \$58,850-** This account provides expenditures for administrative and management services provided by the departments of the Mayor & City Council, City Clerk, City Attorney and the administrative office of the City Manager.

**801.01 Interdepartmental Charges – Human Resources: \$33,900** - This account provides expenditures for human resource services provided by the Human Resources Division.

**802.00 Interdepartmental Charges - Finance: \$138,640** - This account provides expenditures for financial, accounting, payroll, accounts payable, billing, customer service and budgeting services provided by the Finance Department.

**803.01 Interdepartmental Charges – Information Technology: \$121,260-** This account provides expenditures for information technology services provided by the Information Technology Department.

**804.01 Interdepartmental Charges – Engineering: \$ 137,000** - This account provides expenditures for engineering services provided by the Public Works Department-Engineering Division.

**825.01 Interdepartmental Charges – Insurance: \$90,010** - This account provides expenditures for risk management services and claims.

**850.04 Interdepartmental Charges - Building Rent: \$33,340** - This account provides expenditures for the cost of office space at the KPU Administration Building as well as the division's share of planned improvements made to the building.

**931.01 Debt Service-Principal: \$795,291** - This account provides expenditures for principal on revenue bonds and ADEC drinking water loans.

**932.01 Debt Service-Interest: \$189,945** - This account provides expenditures for interest on revenue bonds and ADEC drinking water loans.

**975.00 Payment in Lieu of Taxes: \$197,600** - This account provides expenditures for payments in lieu of taxes assessed against the enterprise funds of the City.

**KETCHIKAN PUBLIC UTILITIES**  
**2024 Operating and Capital Budget**  
**Water Division**

**Capital Budget**

Major Capital Outlay	2022 Actual	2023 Budget			2024 Budget	2023 Adopted/2024	
		Adopted	Amended	Estimate		Incr(Decr)	%
720.00 Vehicles and Moving Equipment	-	75,000	75,000	64,209	85,000	10,000	0.0%
730.00 Infrastructure	206,938	2,173,020	2,149,020	802,229	2,401,238	228,218	10.5%
<b>Total Major Capital Outlay</b>	<b>206,938</b>	<b>2,248,020</b>	<b>2,224,020</b>	<b>866,438</b>	<b>2,486,238</b>	<b>238,218</b>	<b>10.6%</b>

Capital Improvement Projects		Funding Sources			
Project #	Project	KPU Enterprise Fund	Grants	Bonds	Total
<b>720.00 Vehicles and Moving Equipment</b>					
	Utility Vehicle	85,000			85,000
	<b>Total Vehicles and Moving Equipment</b>	<b>85,000</b>	<b>-</b>	<b>-</b>	<b>85,000</b>
<b>730.00 Infrastructure</b>					
	Water Filtration Facility Project	252,500			252,500
	Water Meters - Business & Commercial Customers	8,515		818,623	827,138
	Pump Station Switchgear Improvements	28,500			28,500
	West Fairy Chasm Main Replacement	87,000			87,000
	Skyline Water Main Replacement	70,000			70,000
	Valve Boxes - Repair of Surrounding Pavement	90,000			90,000
	Water Division Grid Improvements	30,000			30,000
	Additional Projects	50,000			50,000
	Water Service Upgrade Program	21,000			21,000
	Backflow Prevention Program	15,000			15,000
	SCADA PLC Controllers	363,600			363,600
	Replace ClorTech Generating Cells	63,000			63,000
	Peterson Street Water Main Rebuild	353,500			353,500
	Metered Water Rate Study			150,000	150,000
	<b>Total Infrastructure</b>	<b>1,432,615</b>	<b>-</b>	<b>968,623</b>	<b>2,401,238</b>
	<b>Total Capital Budget</b>	<b>1,517,615</b>	<b>-</b>	<b>968,623</b>	<b>2,486,238</b>

